Un. Lib

Weekend FT

Inside Section II
20 Pages

The evils of capitalism
Pope John Paul II plans his battle cry against the evils of the market
Page I

The jet-lag set
Tim Burt goes around the world in 11 days
Page XIV

Bonfire of the literati
Kingsley Amis has thrown down the gauntlet, Anthony Curtis picks it up
Page XVI

A noble enterprise
The Duke who runs Britain's largest private house as a business
Page VII

Beat the tax deadline
The UK tax year in 28 days. John Authers explains exactly what investors need to do
Page V

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Weekend March 9/March 10 1991

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WORLD NEWS

Thatcher stands firm on Europe

Margaret Thatcher celebrated receiving the Presideotial Medal of Freedom, the highest US civilian award, with an uncompromising defence of that nation's continued dominant role in Nato. She also dismissed proposals for a federal Europe with a united foreign policy.

The former prime minister gave a clear signal in Washington that she will continue to argue for close transatlantic relations and a Europe of sovereign nations.

She said her vision was of a Europe of "sovereign states proud of their national identity, a force for open trade, democracy and liberty". Page 5

Georgian gunbattles

Three people were killed and two wounded as gunbattles raged in the breakaway Georgian region of South Ossetia. The deaths bring the number killed in fighting between Ossetians and Georgians to at least 40 since September. Economic collapse threatens Soviet state, Page 2

Refugees stranded

The mayor of Brindisi said epidemics could break oot among thousands of Albanian refugees stranded without food and shelter on the dockside at the southern Italian port. Page 2

Call for rain forest aid

Officials from Latin America and the Caribbean called for debt relief and economic aid to help save their oceans, jungles and tropical rainforests from destruction at an environmental conference in Mexico City.

Meanwhile, in London, a code of conduct for timber importers was announced to help stop the destruction of the world's rain forests.

Beefeaters in dispute

Beefeaters at the Tower of London are to consider taking industrial action for the first time in more than 400 years over plans to make them man the Tower switchboard at night. The governor of the Tower denied that cost cutting sparked the dispute.

Cholera epidemic threat

Ecuador has announced a temporary ban on fishing for shrimp off the Pacific coast to curb the spread of a cholera epidemic which first reached two fishing villages in Ecuador from Peru last week.

Avalanche kills seven

An avalanche killed seven skiers near the Great St Bernard Pass in southern Switzerland, police said. The nationalities of the dead were not immediately known.

Rise in Aids figures

Officially reported worldwide cases of Aids rose by nearly 11,000 in February to reach 334,215, the World Health Organisatioo said.

Michel D'Ornano dies

Michel D'Ornano, an aristocratic politician and cabinet minister under former French President Valery Giscard D'Estaing, died after being knocked down by e car. He was 66.

Kangaroo tale

Aborigines attacked three policemen with frozen kangaroo tails in a remote Northern Territory town and then ate the evidence, Alice Springs Court was told.

The three officers, attacked by 15 aborigines carrying frozen kangaroo tails bought at a local store, were not seriously injured.

BUSINESS SUMMARY

Fed signals US monetary policy easing

The Federal Reserve, the US central bank, appeared to signal a further quarter point cut to 6 per cent in the key Federal funds rate at which banks lend to each other.

The move follows the biggest monthly rise in unemployment for five years last month, from 6.2 per cent to 6.5 per cent. Page 22

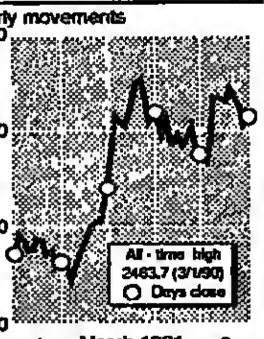
NATIONAL POWER and PowerGen: The minimum allocation in the privatised electricity geoerators will be not less 250 shares. As counting of application forms neared completion, it was thought that just over 1.9m people had applied for around five times the £800m of shares laid aside for them. Page 22; Lex, Page 22

GRATTAN: A bidding war erupted for control of Next's Grattan mail order business as first Otto Versand, the German mail order group, raised its recommended bid to £151m and then Sears, the UK retailing company, pitched in with a £155m counter-offer. At the end of the day, Next's board was still urging shareholders to accept the revised Otto bid arguing that the commercial benefits of the deal outweighed the £4m difference in cash. Page 8; Lex, Page 22

EQUITIES: The government's defeat at the Ribble Valley by-election cooled enthusiasm in the Loodon market yesterday at the end of a successful two-week trading account which has seen equities rise by more than 6 per cent. The market advanced sharply in early dealings, which prompted profit-taking, and at the close the FT-SE 100 index had gained 17.3 at 2,455.0. The index has gained 68.1 points over the week, and has twice, during inter-day trading, broken through the all time closing peak of 2,463.7. London stocks, Page 13; Lex, Page 22

FT-SE 100 Index

Hourly movements



SOUTH AFRICA said it would cut its discount rate by a point to 17 per ceot from Monday but central Reserve Bank governor Chris Stals warned that it should not be taken as a sign of easier monetary policies.

CREDIT SUISSE, ooe of the three big Swiss banks, plans to cut its dividend after posting a 31 per cent decline to SFr539m (£211m) in consolidated net earnings last year. Page 10

ALLIANCE & LEICESTER, the building society, said its assets grew 36 per cent in 1990 to £18.4bn, making it the third-largest UK building society. It also announced an 18 per cent rise in pre-tax profits to £198.6m for the year to the end of December, against £168m. Page 8

PERRY Group, the Hertford-based motor trader, posted a fall in pre-tax profits from £5m to £4.2m. The company blamed a sharp fall in profit from new car sales for the 16 per cent decline. Page 8

■ International Leisure Group in administration ■ Thousands of passengers affected

Travel company collapse is one of UK's largest

By Paul Betts, Jimmy Burns, Clay Harris, Raymond Hughes and Richard Waters

MR HARRY GOODMAN'S International Leisure Group, Britain's second largest travel company, and four related businesses were placed in administration in the High Court yesterday.

Air Europe, ILG's airline subsidiary, had halted all flights earlier yesterday. Some 25,000 holiday-makers were reported to be abroad on tours operated by ILG companies such as Intasun, Club 18-30 and Lancaster, and thousands more gathered at UK airports to await news of their flights.

Up to 400,000 travellers have booked package tours with ILG. The company and the Association of British Travel Agents said all booked tours and those already in progress would proceed as planned. Passengers on Air Europe's scheduled flights did not have the same guarantee.

ILG's collapse is one of the largeet failuree in the UK travel industry, ranking with the liquidation of Court Line and its Clarkson and Horizon subsidiaries in 1974 and Laker Airways' sudden dive into receivership in 1982.

Effects and reaction ..Paga 4
Lex ....Paga 22

Air Europe, which carried more than 3.5m passengers last year, employs more than 2,000 people. Its collapse is expected to have severe repercussions on other industries as it was in the middle of an ambitious fleet expansion programme involving Boeing, McDonnell Douglas and Fokker aircraft and Rolls-Royce engines.

At Gatwick, hundreds of potential holidaymakera arrived throughout yesterday morning unaware of the collapse. Many had taken advantage of "once in a lifetime" discount offers on package tours arising out of the Gulf crisis.

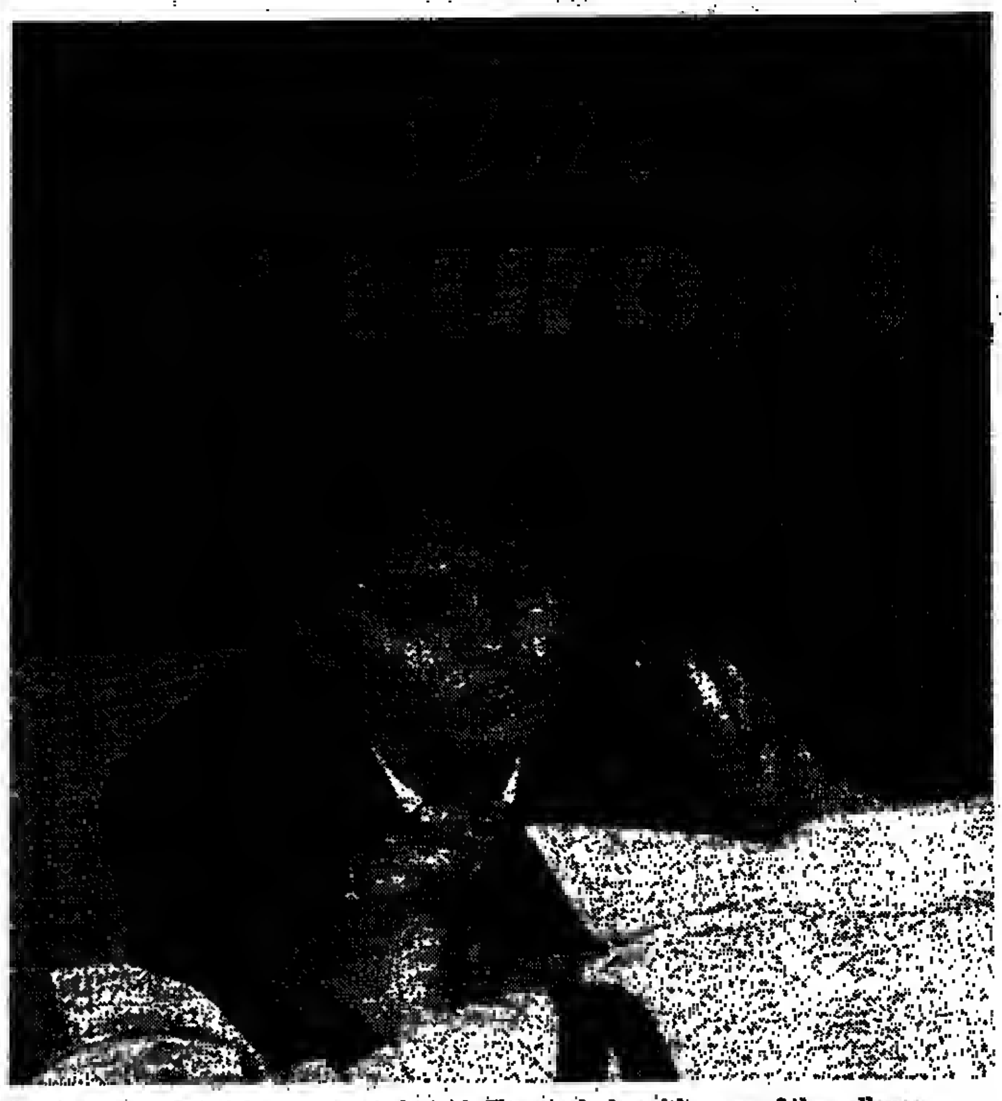
Passengers on scheduled flights were told to refer to the agent through whom the booking had been arranged; all other passengers were told to contact the tour operator.

Ms Lucy Gatonye, who had booked a scheduled flight on Air Europe and who was not covered by Abta's safety net was told ehe couldn't have money to get back to London: "I was meant to be at my daughter's wedding tomorrow morning in Munich but I don't know what to do now."

By yesterday afternoon some passengers were departing on alternative charter airlines while many more remained stranded.

Administration is intended to help companies survive as going concerns or to achieve a more advantageous realisation of assets than possible through a winding-up order.

Mr Phil Wallace, a partner at accountants KPMG Peat Marwick McLintock and one of the administrators, yesterday reported a nnmber of approaches to buy Air Europe.
Continued on Page 22



Passengers at Gatwick were greeted at Air Europe desks with news of the collapse

Poll tax dismantling expected after Tory by-election loss

By Ralph Atkins

MINISTERS plan to announce the dismantling of the poll tax as the party recoils from one of the most spectacular by-election upsets since the Second World War.

The Conservatives are stung by the scale of defeat in Ribble Valley. Mr Chris Patten, party chairman, acknowledged that voters in the Lancashire constituency had made "pretty plain" their hatred of the tax.

The dismal result for the Tory candidate also damps speculation of an early general election, providing slight comfort for Conservatives who had feared an irresistible bandwaggon was building for a June poll.

The Liberal Democrats overturned a Conservative majority of nearly 20,000 to win Ribble Valley by 4,601 votes on Thursday night. Mr Paddy Ashdown, party leader, said the Liberal Democrats had "dealt the killer blow to the poll tax".

Ministers are arguing about a replacement system of local government finance. The by-election result is frustrating lobbying from MPs on the right of the party for Mr John Major to reconsider keeping the tax.

Mr Michael Heseltine, environment secretary, wants a tax based on the size of a property, rather than rateable or capital values. Houses would be banded in five steps from "small flat" to "mansion". An announcement has been promised in time for May's local elections.

Pressure in the cabinet for a complete overhaul was clear in a speech yesterday by Mr Douglas Hurd, foreign secretary. "The present review must produce an answer which is perceived to be radical, efficient and fair," he said. "The idea that we can simply tinker with the community charge at around its present levels now clearly lacks conviction." Mr Hurd dismissed Ribble Valley as "a flash in the pan".

Mr Major did not give details of the plan but said: "I think I know the direction in which it [the review] is going." He brushed aside the by-election result, saying: "It doesn't make any difference either way."

Conservative officials were surprised by the Liberal Democrat's success. They envisaged holding Ribble Valley with a majority of about 2,000.

More than a cursory post-mortem appears unlikely because the party believes the campaign was to blame.

Labour focused on the unpopularity of the government, rather than the slump in its own vote to 4,356. Mr Bryan Gould, Labour's environment spokesman, said the voters had "listened carefully to the party they usually support and in huge numbers have delivered their verdict – the poll tax must go and go quickly."

Aftermath of defeat, Page 5
Joe Rogaly, Page 7

US plans to sell arms worth $18bn to Middle East allies

By Lionel Barber in Washington

THE US is proposing – a week after the end of the Gulf War – to sell arms worth $18bn (£9bn) to Arab allies including Saudi Arabia, Egypt, Bahrain and the United Arab Emirates, as well as to Turkey.

The proposed sales were revealed as Mr James Baker, US secretary of state, held talks in Saudi Arabia on regional security.

Mr Baker, on the first leg of his Middle East tour, said the US remained committed to a demilitarised Middle East, but added: "Clearly this is not something that any country can do unilaterally".

The proposed sales indicate that the administratioo has abandoned hopes of establishing a new conventional arms control regime, at least in the short term, and is sticking to existing commitments to protect regional allies.

Under the so-called Javits law, the administration must inform Congress of any proposed arms sales, even those which have not been finalised.

This week Congress was asked to approve the $1.6bn sale of 46 sophisticated F-16 fighters to Egypt, supplemented by 1,528 bombs and 80 air-to-ground missiles.

Earlier the administration sent a classified report to Congress saying it was considering more than $18bn in new arms sales to its five Desert Storm allies. The list, covering all potential foreign arms sales this year, is certain to arouse concern in Israel and could spur counter-demands.

Saudi Arabia will have the largest share, worth £10bn, of any arms deal. It is expected to cover warplanes, miseiles, tanks, bombs and "logistical sopport." This is largely a hold-over from last year when the administration bowed to Congressional pressure, scaling back a $20bn package to $7.5bn which was theo approved.

A Congressional official said yesterday that Turkey was set to co-assemble 120 F-16s under the proposals, although Ankara was pushing to raise the total to 160, and was also seeking to co-assemble F-16s to be sent to Egypt. Mr Baker encouraged Saudi officials to consider making a goodwill gesture towards Israel to establish a new climate of trust between Arab members of the anti-Iraq coalition and the Jewish state.

President George Bush this week signalled he would give his full attention to tackling the Arab-Israeli dispute.

Before the war, the administration suggested that it was prepared to work with other arms suppliers such as the Soviet Union to curb arms proliferation in the Middle East.

Mr Baker said it was feasible to work with the Soviet Union and others on curbing the sale of weapons of mass destruction such as chemical arms and ballistic missiles.

The administration argues that it is important to honour commitmeots to its Arab allies as part of the effort to build a new Gulf security system.
Continued on Page 22

The Gulf, Page 3
Pains of liberation, Page 7

MARKETS

STERLING
New York lunchtime:
$1.8695
London:
$1.872 (1.8865)
DM2.925 (2.92)
FFr9.9675 (9.9375)
SFr2.5525 (2.5475)
Y255.0 (256.25)
£ index 93.6 (93.7)

GOLD
New York: Comex Apr
$371.2 (368.5)
London:
$370.40 (366.65)

N SEA OIL (Argus)
Brent Apr
$18.85 (19.225)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.5655
FFr5.3345
SFr1.365
Y136.45
London:
DM1.563 (1.5475)
FFr5.325 (5.2675)
SFr1.364 (1.35)
Y136.2 (135.8)
$ index 62.8 (62.4)
Tokyo close: Y136.30

US LUNCHTIME RATES
Fed Funds 6%
3-mo Treasury Bills: yield: 6.07%
Long Bond: 95¾
yield: 8.25%

STOCK INDICES
FT-SE 100:
2,455.0 (+17.3)
FT Ordinary:
1,958.7 (+8.1)
FT-A All-Share:
1,192.12 (+0.7%)
New York lunchtime:
DJ Ind. Av.
2,980.45 (+17.08)
S&P Comp
378.02 (+2.11)
Tokyo: Nikkei
26,607.52 (+209.56)

LONDON MONEY
3-month interbank:
closing $12\frac{13}{16}$ ($12\frac{1}{2}$)%
Liffe long gilt future:
Jun $92\frac{13}{32}$ ($92\frac{31}{32}$)

CONTENTS

Austria Sch30; Bahrain Din0.900; Bermuda $1.50; Belgium BFr60; Canada C$1.00; Cyprus C£1.00; Denmark DKr13.00; Egypt E£3.50; Finland Fmk8.50; France FFr7.50; Germany DM3.00; Greece Dr200; Hong Kong HK$14; Hungary Ft145; Iceland ISK180; India Rup20; Indonesia Rp3,100; Ireland I£0.80; Israel NS4.00; Italy L2200; Japan Y500; Jordan JD1.20; Korea Won 2000; Kuwait Fils.500; Lebanon $1,000; Luxembourg LFr60; Malaysia Rin4.50; Malta 45c; Mexico Pes300; Morocco Dh10.00; Nigeria Naira15.00; Netherlands Fl3.50; Norway Nkr13.00; Oman OR1.20; Pakistan Rs36; Philippines Pso 40; Poland Zl 11000; Portugal Esc155; Qatar QR10.00; S.Arabia Rls8.00; Singapore S$4.10; Spain Pta175; Sri Lanka Rup30; Sweden SKr13.00; Switzerland SFr2.70; Taiwan NT$65; Thailand Bht50; Tunisia Din0.800; Turkey L3000; UAE Dh8.00; USA $1.00.

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Bonn agrees spending package to boost east

By David Marsh in Bonn

THE German government yesterday agreed an additional two-year DM24bn (£8.2bn) public spending package to increase investment and create jobs in east Germany as part of efforts to brake the economic collapse east of the Elbe.

The programme is designed to avoid adding to the public sector deficit, expected to be DM140bn this year, as it will be financed out of the big tax increases the government is introducing this summer.

The government's action has been spurred by mounting unemployment and bitterness in east Germany, the result of widespread closures of inefficient former communist-run plants now exposed to the full brunt of world competition.

The programme adds up to a significant admission that more active economic measures are needed to foster recovery east of the Elbe. Bonn accepts that the mixture of tax and investment incentives, social spending subsidies and privatisation measures in force so far will not be sufficient.

As a result, federal budget spending this year will rise by 8.2 per cent to DM411bn, compared with the 5.1 per cent increase to DM400bn foreseen in the 1991 budget announced last month.

Mr Jürgen Möllemann, economics minister and a vocal supporter of more active measures for east Germany, yesterday said the government was determined not to see a "two-class society" in east and west Germany. "We will do everything to make sure that the upswing takes place in the whole of Germany."

> The government is determined not to see a 'two-class society' in east and west Germany

Mr Fritz-Heinz Himmelreich, general director of the German Employers Association (BDA), called the programme "the most gigantic economic stimulus programme that has ever been decided in the Federal Republic".

The measures were given a warm welcome by trade unions, who have been voicing fears about the political effects of mass unemployment in the east of the country.

Yesterday's measures, divided into two equal portions of DM12bn for 1991 and 1992, focus on help for local authorities to invest in schools, hospitals and social institutions. Money is also earmarked for a variety of job creation measures as well as other investment programmes covering, housing, shipyards and the environment.

Mr Theo Waigel, finance minister, called the increases in income, energy, insurance and tobacco taxes, mostly taking effect from July 1, "a balanced mix of direct and indirect taxes".

The tax package, which was given formal approval by the cabinet yesterday, will – together with already-agreed increases in unemployment benefit levies – reduce purchasing power by more than DM50bn over the 12 months from July.

The 7.5 per cent income tax surcharge is planned as a temporary measure for 12 months only. Mr Waigel confirmed yesterday that value added tax, now 14 per cent, will be raised by 1 or 2 points from the beginning of 1993 to provide extra funds after the income tax surcharge ends.

A Georgian soldier fires at Ossetian rebels near Tskhinvali this week. The clashes have led to 37 deaths this year

Economic collapse threatens drive to keep Soviet Union together

By Anthony Robinson in Moscow

BITTER controversy over the future political shape of the Soviet state risks being overtaken by an economic collapse.

The once highly centralised state is now seeing what President Mikhail Gorbachev described this week as "feudal disintegration of the economy".

Rising economic nationalism has exacerbated food and other shortages. Leningrad is suffering a 70 per cent cut in meat supplies. Food previously came from Lithuania, one of seven republics which have refused to take part in negotiations for a new union treaty and called instead for independence.

Moscow is suffering similar shortfalls in supplies from Byelorussia, the Ukraine and other areas.

Trying to persuade the country's 15 republics and various autonomous regions to accept a new federation which would still leave the centre with significant power, Mr Gorbachev appears to have made significant economic as well as political concessions.

According to the draft version of the treaty, which now goes to republican parliaments for approval before a referendum on March 17, these include provision for each republic to have a share in the gold, diamond and hard currency reserves.

Unfortunately for them, this is likely to translate in practice into a share of responsibility for the Soviet debt, now around $60bn (£31.2bn) plus several billion dollars of unpaid debts to foreign exporters accumulated by Soviet companies enjoying recently granted trading rights.

The Soviet Union's official reserves have traditionally been tightly held by the centre under great secrecy. That veil was partially lifted when Mr Valentin Pavlov, the prime minister, confirmed that Moscow sold 234 tons of gold last year. Earlier, Moscow confirmed the sale of diamonds worth $5bn over the next five years for marketing through the Swiss arm of the De Beers Corporation.

This week Mr Yuri Poletayev, deputy chairman of Vneshekonombank, the bank for foreign economic affairs, revealed that it repaid $12.5bn-$13.5bn of short-term deposits to western banks, which have stopped making commercial loans.

The drain on reserves, which the IMF estimates dropped by $10bn to only $5.1bn in 1990, is expected to accelerate this year in the face of falling oil production, strikes in the coal fields and the effect of production and distribution bottlenecks. These are being magnified by economic nationalism and the monopolistic enterprise structure which the more decentralised political and economic structures now being discussed are meant to supersede.

Against this background, the release of $1bn in food aid by the European Community and the imminent resumption of negotiations with the IMF and World Bank, both earlier frozen after repression in the Baltic states, hold out only minimal relief.

Indeed, many of the assumptions in the report on the Soviet economy published by the IMF and World Bank in December already look over-optimistic.

For example, the more pessimistic of two oil scenarios was based on a 25 per cent decline in Soviet oil production and a $20-per-barrel oil price.

This would have led to an overall $11.1bn hard currency trade deficit in 1991, on top of which Moscow would need $11.1bn to repay maturing debt and an estimated $5bn to repay arrears on trade debt.

In practice oil production and the oil price are expected to be even lower, while the rate of general economic decline has accelerated sharply since the report was compiled in autumn.

This is the economic background to the warnings of impending civil war sounded by Mr Gorbachev in Minsk last week and to fears that next week's referendum is a diversion from the real tasks facing the country.

Congress ready to bite S&L bullet

By Peter Riddell, US Editor, in Washington

THE US Congress is edging towards approving the funding needed to continue the rescue of the savings and loans industry, the largest such operation in history, though there are still big divisions in the House of Representatives.

Late on Thursday, the Senate voted 69 to 30 to approve $30bn (£15.6bn) this year to cover losses on insolvent savings and loans. After long argument, the House Banking committee has decided to send a similar measure to the House floor, along with an alternative Democratic version requiring substantial changes in the handling of the rescue.

The House will also vote on a third, pay-as-you-go version requiring that the costs be offset by higher taxes or cuts in other spending programmes. This is strongly opposed by the administration.

The rescue has become highly unpopular politically since its cost dwarfs that of the Gulf war. Leaving aside borrowings by the Resolution Trust Corporation handling the rescue, the initial $50bn approved by Congress two years ago has already been exhausted and regulators have complained that delays in approving new money have already cost more than $300m.

However, the federal government made an open-ended commitment to depositors in savings and loans which has to be honoured. Congress has been unwilling to give the administration a blank cheque, though delay merely increases the scale of losses.

The reluctance of Congress to face up to this commitment was shown by the three weeks of divisions on the House banking committee, which 10 days ago defeated a series of possible solutions before it decided to push the issue off onto the full House. All involved accept that the rescue is a vote loser and they want to avoid being held responsible.

There is a particular problem on the House banking committee since congressman Henry Gonzalez, the chairman, is a maverick with insufficient authority to provide effective leadership. Many of the committee's members are newcomers, some of whom were elected last November on populist, anti-savings and loan bail-out platforms.

The savings and loan issue is overshadowing the debate on reform of banking regulation, since Congress is determined to avoid any changes which would create the risk of taxpayer support for the ailing industry.

Soviet banker rejects debt payment fears

By George Graham in Paris

MOUNTING fears over the deteriorating quality of the Soviet Union's debt have been roundly rejected by a senior Soviet banker.

Mr Thomas Alibegov, first deputy chairman of Vneshekonombank, the state Bank for Foreign Economic Affairs, said that the country had already paid off much of its overhanging burden of short-term debt and that his bank was paying every last penny it owed on time.

Mr Alibegov acknowledged that the Soviet Union's payments situation had got worse in 1989 and particularly in 1990, as it had to meet the repayments of short-term borrowings made the previous year.

In the course of 1990 and in the first two months of 1991, however, total short-term debts had been reduced from $18bn to $2bn, out of total external debts of around $60bn (£31.2bn).

"It would have broken the back of many other countries, but it didn't break our back," said Mr Alibegov, who was visiting Paris for talks with French bankers.

More worrying, Mr Alibegov said, was the development of commercial arrears on debts contracted by trading organisations without the guarantee of Vneshekonombank. These had risen to around $6bn in the middle of last year, and although much had been paid off, new arrears had emerged, leaving around $5bn unpaid.

"We must totally eliminate this debt as soon as possible and take measures to stop this problem from recurring," he said.

NEWS IN BRIEF

Canadian jobless rate jumps to 10.2%

By Bernard Simon in Toronto

CANADA'S unemployment rate jumped to 10.2 per cent last month, the highest level since autumn 1985 and a reflection that the recession is biting far deeper than in the US.

The rate stood at 7.2 per cent as recently as March 1990, and was at 9.7 per cent in January, according to Statistics Canada. There are now 1.4m unemployed people in Canada, 43 per cent more than in March 1990.

Rising unemployment has contributed to a rapid drop in interest rates in the past eight months. The recession has sparked calls for tighter immigration policies and, if it continues much longer, may begin to blunt the Quebec separatist cause.

Mexican prices up 1.7%

Mexico's consumer prices rose 1.7 per cent in February, bringing the cumulative increase for the first two months of the year to 4.2 per cent, Damian Fraser writes from Mexico City. On an annualised basis inflation slowed to 26.4 per cent, from 27 per cent in the 12 months to January. The government now seems unlikely to meet its inflation rate target of 14 per cent for 1991.

Investment law modification

Mr Jaime Serra, Mexico's trade minister, said yesterday Mexico's restrictive law of foreign investment would be modified, although only "when the president finds it convenient and when the need to capture resources for the country merits it", Damian Fraser writes. Mr Serra said he would seek to protect certain "delicate" sectors, such as agriculture, from the effects of the proposed Free Trade Agreement with the US and Canada. The Mexican cabinet is said to be divided on how far to open up Mexico's grain sector to US and Canadian exports.

Air France outlook improves

State-owned Air France said yesterday it was suspending plans to introduce short-time working from April 1 because of better prospects for the airline industry since the end of the Gulf War, Reuters reports from Paris.

But it said it was keeping other cost-cutting measures due to be introduced to offset the drop in traffic.These include a wage freeze, early retirement for 200 management staff and shedding staff who have reached the end of short-term contracts.

González plans reshuffle

Mr Felipe Gonzalez, Spain's socialist Prime Minister, will announce shortly a long-awaited cabinet reshuffle, government spokeswoman Ms Rosa Conde said yesterday, Tom Burns writes from Madrid. At a routine Friday cabinet meeting, he thanked his 18-member team, six of whom have been government ministers since he took office in 1982, for their past services.

Mr Narcis Serra, the long-serving defence minister, is tipped for promotion to deputy prime minister in place of Mr Alfonso Guerra, who left the government in January.

Mandela witness challenged

Mrs Winnie Mandela's lawyer tried yesterday to discredit a key witness in her kidnap and assault trial by challenging claims that he was taken against his will and held captive in Mrs Mandela's home, AP reports from Johannesburg.

In the second day of cross-examination, attorney George Bizos demanded that the witness, Mr Kenneth Kgase, explain why he did not resist when he was taken from a Methodist Church home to Mrs Mandela's house in December 1988. Mr Kgase said he did not ask questions because he was afraid.

S African discount rate cut

The South African central Reserve Bank said yesterday it was cutting its key discount rate to 17 per cent from 18 per cent with effect from Monday, Reuter reports from Pretoria.

Mr Chris Stals, bank governor, said some progress had been made in redressing the rate of monetary expansion in the country and in replenishing the net gold and foreign exchange reserves. He warned that the drop in discount rates should not be seen as a sign of any progressive relaxation of strict monetary policies.

Car makers in EC seek to limit Japanese until 1999

By Kevin Done, Motor Industry Correspondent

MR Raymond Levy, chairman of Renault, the French car maker and president of ACEA, the recently-formed European motor industry lobbying group, is to meet the European Commission shortly to present European car makers' demands for continuing controls on Japanese car sales in Europe.

Leading members of the Association des Constructeurs Européens d'Automobiles met in Geneva on Wednesday and succeeded in agreeing a common position to present to Brussels.

They intend to press for a transition period with continuing controls on the share of Japanese car sales in the European Community that they hope will extend almost to the end of the decade.

The period would run from the end of 1992, when the single European market is due to come into force, until 1999.

It is understood that the European car makers want to restrict the Japanese share of the market during this period to around 15 per cent.

They are concerned that the benefits of the creation of the single market should not fall mainly to the Japanese but that the European industry should be able to gain in the first instance from growth in European car sales stimulated by the creation of the single market.

EC car makers are asking for the 15 per cent market share ceiling to include all Japanese makes irrespective of whether the cars had been produced in Europe, or imported direct from Japan or from the US.

The ACEA has rejected the idea of having a volume-based limit, as this would fail to protect them from the problems arising from expanding Japanese sales in a falling market as at present.

The position reached by the 15 members of ACEA was unanimous.

The industry leaders attending the meeting included Mr Levy, Mr Carl Hahn, chairman of Volkswagen of Germany, Mr Giorgio Garuzzo, head of Fiat's automotive operations, Mr Robert Eaton, president of General Motors Europe, Mr Lindsey Halstead, chairman of Ford of Europe, and Mr Eberhard von Kuenheim, chief executive of BMW.

Shivering Albanians shelter in Brindisi's cattle trucks

THOUSANDS of desperate Albanian refugees scrabbled for food and shelter in the growing squalor of Italy's Brindisi harbour yesterday, Reuter reports from Brindisi.

"Some people want to go back to Albania because there is no food here," one grimy refugee said. "There are many children here who are unwell and dying."

More than 15,000 refugees, fleeing their poor homeland across the Adriatic, spent Thursday night in the open amid puddles of urine and water on the windswept Brindisi docks.

Lucky ones slept under plastic sheets – "refugee bags" to the Italians – and some had not eaten since Tuesday.

Despite police attempts to hold them back, many scrambled over the port walls and made their way into the town. Shivering refugees stopped motorists to ask if children could shelter from the cold in their cars. Others took over empty cattle trucks on a railway line.

The Albanians rioted for the second time in 24 hours early yesterday as a batch of newly-arrived refugees fought to grab food from relief workers. Italian radio said thousands of small thefts had been reported in Brindisi, especially from food shops.

"We want Italy to protect us," said a man aboard the 5,787-ton Tirana, one of the rusty, overcrowded ships that brought thousands of would-be refugees from Albania earlier in the week. "We are very hungry. They only gave food to women and children. I have had only water since yesterday."

The ships are filthy and there is only a handful of toilets for the thousands of refugees allowed to land. Police put on plastic gloves when handling the crowd and some health workers wore face masks.

Italian television quoted doctors as saying there was a strong risk of epidemics.

Mr Nino Cristofori, cabinet secretary, said after a government meeting on the Albanian emergency that Italy could at present provide shelter for only 6,400 refugees. Nearly 20,000 Albanians have crossed the Adriatic to Italy in the last two weeks, according to the government.

But the Office of the United Nations High Commissioner for Refugees urged Italy not to carry out its threat to send the Albanians back. It said in Geneva that it had asked the Italian government to give the refugees a chance to explain their reasons for leaving Albania so their status could be determined.

"UNHCR is always preoccupied by measures that might prevent asylum candidates from having access to the procedures for determining their status," the statement said.

"We must firmly stress that Italy does not consider these Albanian citizens – with few exceptions – to be political refugees," Deputy Prime Minister Claudio Martelli said, adding Italy only had to protect those seeking political asylum.

Peking seeks to reassure Hong Kong

By John Elliott in Hong Kong

CHINA yesterday issued its strongest statement for several years about the future prosperity of Hong Kong when Mr Lu Ping, a senior Peking official, said the territory was a "golden bowl" into which "all treasures and human resources will flow".

Speaking in English to a business audience in Hong Kong, Mr Lu sought to assure international investors that the territory would remain a free port and an international financial and trade centre after China regained sovereignty in 1997. Its "stability and prosperity" would be maintained.

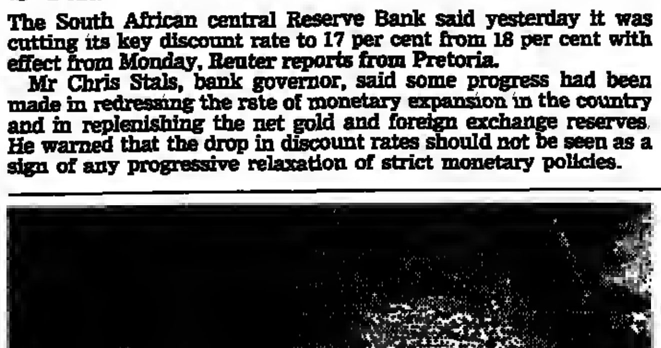
After delivering a prepared speech, he spoke "as a friend" and said: "I really hope from the bottom of my heart that Hong Kong will remain prosperous". A prosperous Hong Kong, he said, meant "a prosperous China".

This should help to restore some of the international confidence in Hong Kong which has been whittled down in recent months by China's determination to influence decisions on a new HK$100bn (£5.8bn) international airport.

But Mr Lu did not touch on Hong Kong's main points of contention with Peking, such as a proposed bill of rights and Britain's passport package for local ethnic Chinese and other minorities. On the airport, he said only that Hong Kong's post-1997 special administrative regional government would be in charge of the management.

Addressing the general chamber of commerce, Mr Lu concentrated on business issues and stressed that foreign involvement would be encouraged. He indirectly backed the continued bank-note operations of the Hongkong and Shanghai Bank, which is moving to London, and the UK-based Standard Chartered when he said that "foreign banks" could continue to issue the colony's currency.

Earlier this week Mr Lu had inconclusive talks with the government on the airport.



Alfredo Cristiani: seeking mandate for economic liberalisation

Reforms mean vote promises to break right-wing grip on National Assembly

Salvador election may boost peace hopes

By Tim Coone in Managua

ELECTIONS in El Salvador tomorrow are once again taking place against a backdrop of civil war.

The left-wing guerrillas of the Farabundo Marti National Liberation Front (FMLN) have agreed to a temporary truce from today but a recent army offensive has triggered heavy fighting and guerrilla counter-attacks in various parts of the country including suburbs of the capital, San Salvador.

None the less there are hopes that these mid-term elections will bring significant progress along the country's tortuous road to peace.

At stake is the control of the 84-seat legislative assembly, and 262 municipalities throughout the country, at present dominated by the ruling right-wing Arena party.

Negotiations between the guerrillas and the government over the past two years have resulted in important electoral reforms which will now give left-wing politicians a strong chance of returning to the legislative assembly for the first time in over a decade.

The number of seats in the assembly has been increased from 60 to 84 and this, together with a proportional representation system, opens an important space for the left and centre to challenge Arena's dominance.

Mr Ruben Zamora, who heads the list of candidates for the left-wing Democratic Convergence (CD), said: "Our aim is to take the control of the assembly out of Arena's hands." It is not expected that the CD will achieve this alone. However, the centrist Christian Democrats, who have supported calls by the CD and the FMLN for constitutional and judicial reforms to bring peace to the country, won 36 per cent of the votes in the 1989 elections against Arena's 54 per cent.

Earlier this week, the largest trade union federation, UNTS, threw its political weight behind the CD and in support of the electoral process – in contrast to 1989, when it supported FMLN calls for abstention. The CD is therefore hoping to increase its share of the vote substantially from the meagre 3.8 per cent it obtained in 1989.

Meanwhile a steady voter registration campaign over the past two years, supported by the CD and the FMLN, has increased the number of voters to over 2m, almost 30 per cent more than in 1989.

A high turnout tomorrow will therefore almost certainly favour the CD and Christian Democrats at the expense of Arena.

President Alfredo Cristiani is looking to these elections for a mandate to continue with his party's economic liberalisation plans, including bank privatisation. As a moderate within Arena he may also be hoping, though, that the CD can indeed make a modest comeback, if only to counterbalance the ultra-right which holds sway within his party and which is widely viewed as blocking the road to a negotiated peace in El Salvador.

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THE GULF

Kuwait emergency rebuilding plan may grow to $100m

By Michael Field in Kuwait City

THE 90-day, $45m emergency recovery plan for Kuwait may be extended to a value of $100m (£52m).

The US Army Corps of Engineers, overseeing the initial phase nf recnnstructinn, annonnced this yesterday as foreign contractors started arriving to make the first essential repairs to the country's sabotaged infrastructure. The original recovery plan was contracted to six companies.

The most immediate concern is for the restoration of electricity and water supplies, produced in joint desalination-power generating plants.

Of the four big installations, the one at Shuwaikh has been almost destroyed. Two others, Doha East and Doha West, are moderately damaged and may be restored to partial operation by cannihalising machinery. The fourth, at al-Zor, is virtually intact and is only out of operation because the power lines running from it are down.

It is reckoned that al-Zor, which can produce 2,000 megawatts and 48m gallons of drinking water a day, should be back in operation in two weeks and will be able to supply electricity to 75 per cent of the country.

Kuwaiti officials said the al-Zor station survived because it is near the border and the Iraqis fled before they could set explosive charges on it. To tide the state over the next fortnight, the government is bringing in some 200 generators which it ordered in November and December.

At the power plants and other facilities, Iraqi demolition was unprofessional. The destruction of utilities was carried nut in the last two days of the occupatinn, and in the words of Mr Ali Ahbas Abdullah, a ministry official concerned with the sewage system, "it looks as if they just pnt explnsives ln varlnns places where it looked good and as far as sewerage is concerned, l do not think they had the intelligence to understand how it worked – l don't think they realised what the place was."

Nevertheless, Mr Abdnllah stressed that in many places the Iraqis had caused a great deal of damage and reconstruction was not going to be easy or cheap.

Part of the initial work of recommissioning the port of Shuaiba, the second biggest in Kuwait, is being done by US *forces. The US navy is searching* for mines and hnpes to have a channel cleared to the docks by Monday or Tuesday so that food can be brought in by sea. A survey contract for clearing the rest of the port will follow.

British and French engineers are removing unexploded bombs on the country's roads. At the airport the Corps of Engineers is doing a survey of runway and electronics repair work. An American contractor is building a temporary air traffic control system which should be ready in two weeks.

Seven companies have been awarded contracts for hasic repairs following the work being done hy the military.

Companies which have won contracts include:

- American Dredging, undertaking a marine survey of Shuaiba port for not more than $400,000.
- Al-Harbi Trading and Contracting of Riyadh, which has a contract worth a maximum of $4.5m for repairs to roads and airport runways.
- Blount of Alabama, which has two $3m contracts for work on electrical installations, principally power lines, and public buildings.
- Brown and Root nf Texas, and Mohammad Abdul-Mohsin Kharafi, the biggest Kuwaiti contractor, which both have $3m contracts for the repair of public buildings.
- Shand of the UK, which has s $3m contract for repair work on the sewerage and water pipe system.

The contract awards have taken place much faster than originally planned. The Corps of Engineers had aimed to made its choice over a period of 40 days starting roughly from the beginning of the ground war, hut the campaign proceeded so fast that the decisions were made in 10 days.

Out of 600 companies that responded to the Corps' announcement thet lt needed specific construction services, 90 were asked for final hids and estimates of how fast they could do the work. It was nn the basis of negotiations with some of those companies that the final six were chosen.

An Iraqi army major is questioned after being captured at a roadblock in Kuwait City yesterday

Iran assured on security role in Gulf

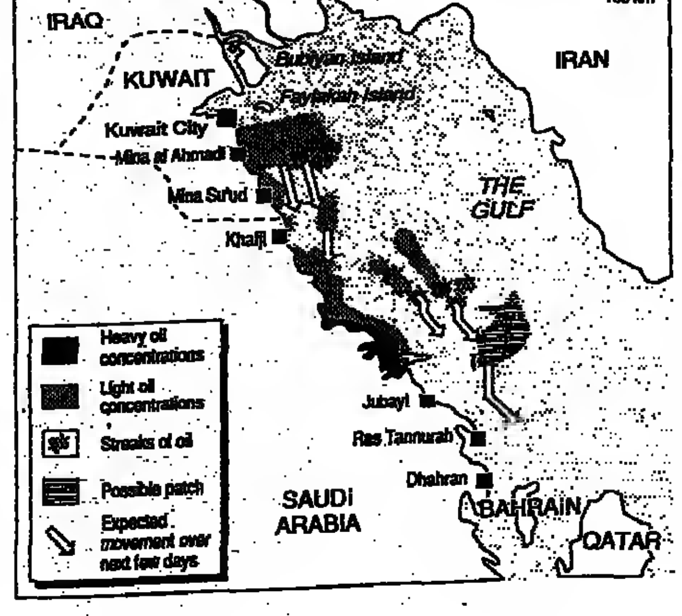
AN IRANIAN delegation left Syria yesterday with an assurance that Iran would have a role in a Gulf security order drawn up by eight Arab members of the US-led alliance that drove Iraq from Kuwait, Reuter reports from Damascus.

Diplomats said Syria's President Hafez al-Assad had allayed Iranian concern over the security pact, agreed in Damascus on Wednesday by Syria, Egypt and the six members of the Gulf Co-operation Council: Sandi Arahia, Kuwait, Bahrain, Oman, Qatar and the United Arab Emirates.

Allies to send home 63,000 Iraqi PoWs

Mass repatriation of about 63,000 Iraqi prisoners held by allied forces in Saudi Arabia begins on Monday under an agreement reached by Iraq and the US-led coalition, the US military command said yesterday, Reuter reports from Riyadh.

Iraq yesterday acknowledged it held 40 foreign journalists, and said they would be released later in the day. A Baghdad Radio broadcast said two US soldiers were recently discovered in Basra, and would be turned over to the Red Cross in Baghdad along with the journalists.



Rebellion against Saddam in Iraq 'claims 30,000 lives'

By Our Foreign Staff

THE WEEK-LONG uprising in Iraq against the rule of President Saddam Hussein has caused more than 30,000 deaths, an Iraqi opposition leader said yesterday in Beirut.

This was the first time those hacking the uprising have sought to give casualty figures. There was no independent confirmation. Bnt with loyalist troops continuing to use tanks and artillery to crush resistance in at least eight cities in sonthern Iraq and Kurdish areas in the north, Iraqi opposition figures feared the toll could be higher.

Sheikh Ahu Maytham al-Saghir, a member of the Shia opposition grouping, the Supreme Council for the Islamic Revolution in Iraq (SCIRI), said in Beirut: "I assure you that the number of martyrs who were killed during this period [the past week] exceeds 30,000 and tens of thousands have been wounded."

He also insisted that President Saddam's troops had failed to curh the uprising which began last Friday in Basra, Iraq's second largest city.

In contrast, American military officials in Saudi Arabia were yesterday saying that well-armed units of the Republican Guard were gradually gaining the upper hand.

Fierce fighting was also reported to be continuing in Karbala and Najaf, the two Shia Moslem holy cities, which he said had been bombed.

"The nprising is spreading across Iraq… there are now battles in the city of Tikrit between Saddam's regime and the forces of the uprising… this means that the end of Saddam is very near," said Sheikh al-Saghir.

The Tehran headquarters of the SCRI yesterday claimed that Brigadier-General Khaled Abed Ibrahim, commander of the *Seventh Border Brigade*, had joined the "revolntionaries" with all his men and equipment. The SCIRI, led hy Tehran-hased Ayatollah Mohammed Baqer Hakim, is committed to establishing an Islamic state in Iraq.

Britain said yesterday that it was releasing 33 Iraqis and Palestinians who had been *held during the* war on grounds of national security, writes Jimmy Burns. Mr Kenneth Baker, the home secretary, said the detainees now posed a "greatly diminished risk" to security

The government-controlled media in *Baghdad gave little* indication of the seriousness of tha threat to the regime. Hnwever, newspapers continued to call for unity hut made no mention of reported overtures by Mr Saddam to opposition groupings in exile to join a broad-based government.

In Damascus yesterday, Sheikh Mobsin al-Husseini, an executive member of the SCRI, repeated earlier reports that emissaries from the Iraqi leader had tried to make contact with his movement. However, he rejected any power-sharing deal.

He said the offer had come from Mr Saddoun Hammadi, the Iraqi deputy premier, who visited Tehran on Wednesday. He added: "We as opposition – Arabs, Kurds, Shi'ites, secular and religious – have agreement among ourselves thet no power-sharing could be made with Saddam Hussein. We urge him to resign immediately or be removed by force."

Representatives of a 17-member opposition front discussed Iraqi developments with Mr Ali Akhar Velayati, the Iranian foreign minister, while he was in Damascus yesterday. *Sheikh al-Husseini said:* "We explained to Velayati nur fear that the appointment of [Mr Saddam's cousin] Hassan al-Majid as interior minister in Iraq, the postponement of the opening of schools, the expulsion of journalists and the disbanding of corps opposed to Saddam, were *aimed at preparing the climate* to massacre the Iraqi people."

He said delegations representing tha Iraqi National Joint Action Committee (INJAC) were in contact with several Arab and foreign countries to obtain support for the uprising in Iraq.

Gulf slick remains serious problem, says minister

By Juliet Sychrava

BRITAIN is leading European efforts to clean up the Gulf oil slick, Mr Tony Baldry, junior environment minister, said in London yesterday.

Contrary to recent reports, he said, the slick was a serious problem, and there was a considerable task to be done.

Work on cleaning up the 300,000-tonne slick had slowed since the initial action taken to contain the oil offshore and prevent it from spreading or hreaking up. Now work on recovering the oil had to start, and that depended on OECD countries acting quickly to *supply the equipment* needed.

Mr Baldry said Britain had prnvlded Bahrain with six heavy-duty skimmers, machines used to separate the nil from the water, worth £300,000. The first three skimmers, which can shift 50 tonnes of oil per bour, had already arrived in Bahrain.

Although the main slick – around 50,000 tonnes – is still lying off the Saudi Arabian coast, opposite Abu Ali island, it is due to move south towards Bahrain in the next few days, when the wind is expected to change.

Britain is contributing £1m to the International Marine Organisation's *Gulf oil* pollution disaster fund.

UK NEWS

NEWS IN BRIEF

Oil group cancels its power plans

ANGLIA ENERGY, the oil company consortinm led hy Ranger Oil, has cancelled plans to build a gas-fired power station at Great Yarmouth, writes *Juliet Sychrava. The decision* came after last month's announcement by British Gas of a 35 per cent increase in the price of gas for power stations.

This is the first sign that British Gas's controversial price rise will lead to some of the 50-plus planned gas-fired stations being postponed or cancelled.

Plans for the 700MW Anglia station, which was due to start up at the end of 1993, were almost complete when British Gas raised prices at the end of last month.

The consortium members – Conoco, Elf Aqultaine and Amarada Hess – jointly own the Anglia gas field. They needed to secure a significant percentage of fuel for the station from a third party.

Six power station projects have already signed contracts with other suppliers: the Scottish Hydro project in Peterhead, Aberdeenshire; PowerGan's Killingholme A and B on South Humberside and Rye House in Hertfordshire; Corby Power's project in Northamptonshire; and Teesside Pnwer's station at Wiltnn, Teesside.

Airport contract

SOUTHERN Electric, the regional electricity company, has won back a contract worth around £12m to supply electricity to Heathrow airport in London.

Heathrow, which is in the Southern Electric region and has a maximum demand of around 55MW, switched to nelghbouring Seehoard last summer, when industrial customers taking over 1MW of power were first allowed to choose to take electricity from outside their local region.

Bnt when large customers recently decided on their electricity contracts for the coming financial year, Heathrow returned to Southern.

Mr Duncan Ross, Southern's chairman, said yesterday that he was very pleased with the recent round of negotiations with large customers.

The company had regained a number of other customers lost last year, as well as winning new ones.

Southern Electric, together with Yorkshire Electricity and East Midlands Electricity, has made a conscious effort to win large supply customers, while other companies have concentrated on the electricity distribution or wires business.

Birmingham Six

CHANGES WERE made to police notes of interviews with the Birmingham Six, including insertions and changed dates, a Home Office document expert told the Court of Appeal yesterday.

Dr David Baxendale said there were a number of instances where the date on a notehook entry had been changed from 1975 to 1974, including one where a Regional Crime Squad rubber stamp had been over-written. There were alterations, insertions and changed dates, he said. Single passages had been written in ink.

Mr Michael Mansfield QC, for five of the Six, said the evidence suggested officers in the case acted dishonestly.

Construction decline

THE DOWNTURN in the UK construction industry failed to show through in total output figures last year although activity in individual sectors such as hnusebuilding fell sharply, according to figures puhlished yesterday by the Environment Department.

Construction output rose by 1 per cent last year as many buildings, particularly in London and south-east England, were completed.

Total construction output is forecast to fall hy between 5 per cent and 6 per cent this year.

Blue Arrow case

THE BLUE Arrow trial was adjnurned yesterday. It will continue on Monday.

Racal and BRT move to exploit telecoms break-up

By Paul Abrahams

BRITISH RAIL Telecommunications (BRT) is in final stages of negotiation with at least two non-UK companies to set np a telecommunications *joint venture worth bundreds* of millions of pounds.

Racal Telecom yesterday also announced its intention to apply for new telecommunication licences.

The moves come in the same week as the government's decision to hreak up the telecom*munications* duopoly.

The BRT negotiations, details of which are being finalised by lawyers, are expected to be concluded within two to three months. Lazard Brothers, the merchant bank, is advising the company.

The government has prevented British Rail from investing capital in the venture. Mr Peter Borer, managing director of BRT, said he is looking for capital and telecommunications marketing expertise of which BRT has little knowledge. BRT would provide the engineering, installa*tion and maintenance skills.*

BRT wants to create a nationwide trunk natwork along its tracks to link both large corporate customers and existing local networks operated by groups such as British Telecom and the cellular companies. Mr Borer said he was already in *discussions* with potential customers.

Racal Telecom intends to ask permission for Vodafone, its mohile subsidiary, to set up fixed links, according to Mr Chris Gent, managing director of Vodafone. Its present licence only allows the group to operate mobile services.

The opportunity to operate its own links should allow Vodafone to rednce costs and expand its operations without being dependent npon competitors, said Mr Gent. He said Vodafone is dependent upon its two main competitors, British *Telecom and Mercury Commu*nications, to connect its services to fixed links.

Mr Gent said Racal Telecom would also ask the Office of Telecommunications, the industry's regulatory body, for permission to set up operations in competition with BT, Mer*cury and the emerging* Personal Communications Network (PCN) consortia. He said that Vodafone would not be seeking to provide such services for five or six years.

"We have identified what we want to do to see off the PCN operators and compete with BT and Mercury," said Mr Gent.

Vodafone claims to have won 57 per cent of the British cellular telephone market.

Woolworths offers 13.9% rise

By John Gapper, Labour Editor

WOOLWORTHS, tha retail chain owned hy the Kingfisher group, has offered to increase basic pay rates hy 13.9 per cent from April in exchange for a two-mnnth delay in starting the higher rates, and an end to separate pay increments for *completing training courses.*

The pay offer, which is being recommended by the Usdaw distributive trades union in a hallot, would consolidate awards for completing training programmes into hasic pay, and move the settlement date from February 1 to April 1.

The offer would add 9.6 per cent to the company's pay bill, and is the latest in a series of ahove-inflation rises in the retail sector in the early part of 1991. Some of the higher increases have heen linked to new grading structures. The pay deal will last for 12 months, with the settlement date being moved permanently to April. The Confederation of British Industry says about 10 per cent of companies have been delaying pay settlement *dates* to control costs.

Mr Leo McKee, Wcolworths' peraonnel director, said the new pay structure would sup-pnrt a "more focnsed approach" to training and improved productivity. It would also raise the company'a position in the retail earnings league.

Mr McKee said the consolidation of increments for training recognised the contrihntion that staff made to customer service.

Separately, the British Printing Industries Federation yesterday offered 120,000 workers a 7 per cent increase. The federation had initially asked the Sogat and NGA print unions to accept a pay pause for several months.

Union negotiators had threatened to break from the national joint pay agreement – one of the largest industrial agreements remaining – and ballot on industrial action at member companies at whicb they were strongest.

Leaders of both the NGA and Sogat are to recommeud their *national executives* to *accept* the offer, which will then go to a hallot. The 7 per cent increase would give a £10.45 rise to workers on the current agreed minimum rate of £149.57.

EETPU seeks action by electricity workers

By Diane Summers, Labour Staff

LONDON Electricity, the privatised electricity distribntion company, may be hit by industrial action later this month because of union fears of an attack hy the company on negotiating rights.

Leaders of the EETPU electricians' union are recommending their 2,000 London Electricity members to vote for industrial action over the closure of an appliance warehouse. The union complains that management has disregarded established negotiating procedures over the closure.

The dispute follows a separate threat of industrial action over national pay talks. Leaders of 76,000 industrial workers in the power supply industry said on Thursday that they would consider an industrial action ballot after rejecting a "first and final" pay offer of 8 per cent.

The ballot of London Electricity workers follows the closure of the company's appliance warehousing and distribution operation at Mitcham, south London. About 80 staff working at the depot would be offered other jobs or voluntary severance, LE said. Delivery and connection of electrical appliances are to be contracted out from May.

EETPU said the way in which the company had announced the closure "heralds the first attack" on national agreements. Members are being urged to vote for indnstrial action "to defend future terms and conditions of employment in the industry".

If London Electricity workers do decide to take action it is unlikely that supply will be hit. It is more likely that meter reading and billing, for example, will be targeted.

Pension equalisation scheme is proposed

By Eric Short, Pensiona Correspondent

A PLAN to break the deadlock in eqnalising state penslon ages was proposed yesterday by the National Association of Pension Funds, the main representative body for occupational pension schemes.

It says the private pension sector should pay basic state pensions for employees retiring before an equalised normal state pension age of 65 and be reimbursed hy the government later.

The government has been under considerable pressure to change the present state scheme of a pension age of 65 for men and 60 for women, with no provision for early retirement pensions, converting it to a flexible period of retirement centred on a common pension age for hoth sexes.

The possible form that such a change would take would be a decade of retirement from ages 60 tn 70 centred on age 65. The basic flat-rate pension at 65 would be the benchmark for men and woman, determining pensions at all other ages.

The government has so far resisted such changes on grounds of both cost and fairness.

Adjusting pension payments so that the changes would be "cost-neutral" overall would result in women at 60 having a lower basic pension than at present, while incurring initial extra costs on payments to men retiring before 65. Those costs would be recouped later.

Alternatively, if the government equalised by paying the current basic pension in full to men at 60, the annual extra cost would be at least £4bn.

Mr Roger Lyons, assistant general secretary of the MSF technical union, regretted thet unions had not been consulted about the scheme.

Equalising State Pension Ages. NAPF, 12-18 Grosvenor Gardens, London SW1W 0DH. Free.

Nissan site to sell Peugeots

By Kevin Done, Motor Industry Correspondent

MR OCTAV BOTNAR, chairman and managing director of Automotive Financial Gronp Holdings, the biggest UK retail motor company, and of Nissan UK, the importer and distributor of Nissan vehicles, has begun to transfer a few AFG dealerships to other franchises.

The AFG Nissan dealership site at Eastbourne has been leased to Natinncars, a new company owned and operated by Mr Bill Barnes, formerly sales director of AFG.

Nationcars will sell Peugeot cars at the Eastbourne site: Peugeot signs replaced Nissan at the site yesterday and the dealership will become operational from March 15.

Peugeot-Talbot, the UK subsidiary Peugeot of France, is the first rival car franchise to take advantage of the damaging legal conflict between Nissan UK and Nissan Motor of Japan.

Peugeot is negotiating with Nationcars for a small number of additional dealerships. Mr Barnes said the talks were progressing well and that Nationcars was discnssing leases for two or three other sites from AFG.

AFG, which comprises a network of 180 dealerships all selling Nissan vehicles, has previously accounted for about 54 per cent nf total Nissan sales in the UK.

At the end of December, Nissan Motor, Japan's second largest car maker, announced that it was ending Nissan UK's exclusive importer/distributor agreement, triggering the current legal row.

Nissan sales fell sharply last year and in the autumn AFG indicated that it was planning to reduce the size of its Nissan network hy offering to let around 20 sites.

Other leading car makers are in discussions with AFG about taking Nissan sites to fill gaps in their own networks. Nissan Motor has stated that it is preparing to open a dealer network of its own by early next year.

Consumer group rejects banks' code

By David Lascelles, Banking Editor

THE BANKS' proposed code of banking practice was dealt a serious blow yesterday wben the Consumers' Association refused to endorse it, labelling it "wholly inadequate".

The code, put out for comment at the beginning of this year in response to criticisms of excessive marketing of credit, is intended to set standards for banks, building societies and credit card issuers. It has been widely criticised as balf-hearted and slanted towards the banks' interests.

The Consumers' Association has now warned that if the banks fail to change the draft significantly, they may have to accept a statutory code.

Ms Jean Eaglesham, head of money policy at the CA, said: "We are deeply disappointed with what the hanks have come up with."

The draft had watered down the recommendations of the 1989 Jack Committee report on banking services and ignored important features of the snbsequent government white paper.

The CA's main charge is that the draft codifies existing practice rather than trying to set higb standards of consumer protection. It said there were inadeqnate proposals for reviewing and monitoring the code. Also, the draft permitted confidential banking information to be passed to other parts of a bank to facilitate marketing of services, such as insuranca. There was also inadequate protection for users of plastic cards.

The CA's criticisms will intensify the dilemma facing the code-drafting committee headed by Sir George Blunden, the former deputy governor of the Bank of England. Its members consist of bankers and representatives of the public.

Many senior bankers think the draft *already* goes too far in sacrificing the banks' interests. At one stage in the drafting process, one of the Big Four clearing banks threatened to withdraw from the scheme, cansing a delay of several months in publication of the draft.

It therefore seems unlikely that the drafting committee will be able to toughen the proposals without splitting the banks. One solution may be for the committee to publish recommendations for changes to the draft, leaving it up to the banks to say whether they accept them.

Goodman sees his rags-to-riches story unravel

Alan Harper

Harry Goodman: he may have made "one deal too many"

WITH TYPICAL aplomb, Mr Harry Goodman temporarily discharged himself on Thursday from the expensive private hospital he entered only a week ago and surprised his colleagues by turning up at one of the many crisis meetings held to avert the collapse of International Leisure Group, his travel empire.

Mr Goodman wanted to play a part in the efforts to keep alive his dream of operating a pan-European airline, but the East-End-boy-made-good was no longer the main force in determining the group's future.

"That will hurt him more than anything else, even more than all those tabloid stories about him," said a former close colleague.

Mr Goodman, 50 and thrice married – currently to a former fligbt attendant – bas been a popular target for the Sunday tabloids, and although his lifestyle has moderated recently, his image as a hell-raiser has stuck.

In 1987 he launched what was then the largest management buy-out of a quoted company, valuing ILG at £108m. Ironically 1991 had been pencilled in for Mr Goodman's re-entry to the stock market.

Mr Goodman's life story is classic rags-to-riches. The son of an East End sewing machinist, he started work at 15 as a counter clerk in a travel agency in the 1960s when the package holiday business was in its infancy – holidaymakers took pot-luck with flight and hotel standards and there was little consumer protection.

At 23, Mr Goodman decided to hranch out on his own, starting a travel bnsiness called Sun-Air. By his own account, he was not much of a businessman at that age, and he sold his business to Cunard.

He spent a few years dabbling unsuccessfully in other fialds bnt returned to the travel trade in 1972, buying from a dentist three travel agencies trading under the name Intasun.

His luck changed immediately. Rising living standards in the 1970s led to an increase in cheap holidays in the sun provided by operators such as Clarksons on shoestring budgets.

Within hours of Clarksons' collapse in 1974, Mr Goodman went to Spain to snap up the hotel beds suddenly available. He knew that people would still want to go on holiday – a lesson that is likely to rebound on Mr Goodman himself over the next few weeks as other operators eye his business.

Mr Goodman's takeover of many of tha Clarksons holidays propelled him into the big time, and he repeated the coup when Sir Freddie Laker went under in the early 1980e – Intasun picked up the business that Laker lost.

Such opportunism endeared him to his staff but won few friends among rivals. Mr Goodman'a ebullient style reminded many of the "pile 'em high, sell 'em cheap" philosophy the late Sir Jack Cohen used at Tesco.

In 1985 Mr Goodman gambled – as Tesco had done a decade earlier – by launching a bitter price war at the Sorrento convention of Britisb travel agents. The price war lasted four years, virtually wiping out the profit margins of the leading tour companies.

British Airways was among a number of companies that decided the return was too low, selling its short-haul travel operations for e nominal sum.

By this time, Mr Goodman had turned his attention from the package holiday market to the dream of building np a scheduled airline. He had been in the charter airline business since 1979, when he started Air Europe as the main carrier for his package holidays.

In 1984 he seemed uncommitted to the airline's future when he sold off part of his fleet. It was the right decision at the time, he said later – selling aircraft when the market was turning and buying more modern ones later. But the move alienated Mr Errol Cossey, one of the founders of the airline. He is now in charge of Air 2000, the airline subsidiary of the Ownars Abroad package holiday company.

Such decisions – which included moving into and out of the London hotels business within three years – did not endear Mr Goodman to the City, especially in view of his flamboyant lifestyle. When he decided that the future lay in building np a scheduled airline network in Europe, the City, unsurprisingly, was sceptical.

"The City doesn't understand me and what I want to do," he said in 1987 when he decided to take ILG private.

The cost of the buy-out and launching the scheduled airline service proved his undoing. In 1989, Air Europe lost £16m, more than three times the 1988 figure.

ILG, like many others, has been hit by the sustained high level of interest rates over the past two years, but the recession and the Gulf war – during which ILG's holiday bookings fell by more than two thirds – pnt the company in crisis.

Mr Goodman's future in the holiday business now looks uncertain. "He might aven bounce back one day," said one travel trade rival yesterday. "Bnt I think he may have finally made ona deal too many."

David Churhill

Package holidays unscathed

TRAVELLERS BOOKED on package tours with operators owned by International Leisure Group will not lose their holidays, tba company said yesterday.

If in the UK, they should report on time to airports, where alternative flights were being arranged. Those already abroad will be allowed to complete their holidays, ILG said.

The operators involved are Intasun, Clnb 18-30, Global, Lancaster, NAT Holidays, Drive Europe, Sky World, Select Holidays, Sports Europe and Coacb Europe.

The ontlook is less hopeful for passangers who bad booked scheduled flights on Air Europe, which halted all services yesterday. Unlike package tourists, they are not covered by the Association of British Travel Agents' safety net.

Air Europe said yesterday that Dan Air was carrying some passengers to Paris and Jersey on a standby basis, but no arrangements had been made for other destinations.

Schednled passengers should telephone Air Europe's reservations office on 0345 444737 before leaving for the airport. The office will be staffed from 9am to 5pm every day.

Passengers who decide to rebook flights on other carriers will have to seek their own refunds. Those bolding travel insurance should contact their insurance company.

Those travellers who paid with a credit card are covered by the Consumer Credit Act for purchases of £100 or more, and they should contact the credit card issuer.

The guarantee does not apply to charge cards such as American Express or Diners Clnb, bnt in practice these companies extend the same protection to their account holders.

Passengers who paid by cash or cheque and did not have travel insurance will not receive a refund. They must rely on the possibility that another airline voluntarily bonours the ticket. Otherwise tbey will have to join the queue of unsecured creditors.

Clay Harris

Air Europe affair dents 'open skies' optimism

THE week began with the government opening the skies to greatar competition in Britisb civil aviation. It ended with one of the country's biggest airline collapses.

On Tuesday Mr Malcolm Rifkind, tbe transport secretary, scrapped rules restricting access into Heathrow and Gatwick, two of the world's busiest airports. The move was described as "a triumpb for fair competition" and "a start of a new era in UK aviation history".

By yesterday, with the grounding of all Air Enrope flights, recollections of the demise of Sir Freddie Laker's airlina empire in tbe 1970s were on everybody's mind.

"It is a repetition of the Laker syndrome," one UK airline executive remarked. " Air Europe, like Laker, underestimated the competition and tbe costs involved in creating an international scbeduled airline. Its problems were aggravated by the economic recession and the decline in air traffic caused by the Gulf war."

Mr Harry Goodman, like Laker, sought to transform his package tour operations and charter airline into an international scbedule airline competing with the likes of British Airways, Lufthansa or Air France. As some of Mr Goodman's former associates emphasised yesterday though, charter and scheduled airlines are totally different businesses.

"The trouble with Harry was that he didn't want to run just a bucket and spade airline," said one of his former partners. "Like many other people be got hooked by tbe sex appeal of running a scheduled airline, the smell of kerosene and the roar of jet engines."

Costs of operating a scheduled service are considerably higher than a charter. Airlines are compelled by their scheduled licences to fly these services on a regular basis even if passenger loads are low.

New entrants in the scheduled airline market also face the additional handicap of being forced to fly out of secondary airports at less attractive times because the best take-off and landing slots have already been taken up by long-established flag carriers.

Mr Rifkind's decision to open up Heathrow to all carriers, and to uphold a Civil Aviation Authority ruling to hand two of BA's weekly landing slots in Tokyo to Virgin Atlantic, reflect government efforts to encourage smaller airlines to compete on a level playing field against the big established carriers.

Tbese latest liberalisation moves coincide with the worst recession in the airline industry in 40 years.

For smaller airlines, the only way to fight the big carriers is to cut fares and offer better services. in a recessionary environment, when the big carriers are themselves engaged in a fares war, pressures on costs for smaller carriers become untenable.

Air Europe had the added disadvantage of wanting to develop into a pan-European scbeduled airline with expectations that the European single aviation market of 1992 would open up growth opportunities.

The problem was that nobody, not even the leading flag carriers, makes any money on short-distance European services.

Indeed, large European flag carriers have traditionally cross-subsidised losses or marginal profits on short-haul operations from the profits of long-distance services.

BA yesterday announced it was withdrawing services from Gatwick to Stockholm and Barcelona, explaining that the route cuts were an inevitable consequence of recession and tbe effect of the Gulf war on airline traffic. In January the airline withdrew from the Irish market, which it had served for 44 years.

There are special factors behind tha collapse of Mr Goodman's ambitions to transform Air Europe into a significant force in the scheduled airline business.

One rival airline industry executive said: "Air Europa axpanded too quickly witb grandiose plans. They went into a heavy aircraft-buying programme without the financial base to sustain such a programme. With the Gulf crisis and the recession, they were caught with their pants down."

The events within Mr Goodman'a empire also has broader implications for the airline industry.

The severe crisis in the airline business is beginning to have serious repercussions on aircraft and engine manufacturers.

On Thursday, Rolls-Royce said it had made £50m provisions to cover uncertainties in the civil airline market and restructuring costs. Air Europe was an important Rolls-Royce customer, witb orders for Trent engines for its McDonnell Douglas MD11 tri-jets and other Rolls-Royce engines for Boeing and Fokker aircraft.

Air Europe's grounding is also part of the continuing process of consolidation in the airline industry, in spite of efforts by both individual governments and the European Commission to encourage new entrants to the airline market to increase competition and consumer choice.

This process has been accelerated by the recession, the Gulf crisis and financial difficulties of airlines. in the US, deregulation of the airline industry 10 years ago has led to even more concentration with the expectation that in a few years the US market will be dominated by three or four giant carriers.

The same pressures are being felt in Europe. Unlike the US, most European countries continue to support their national flag carriers, which in most cases are in state ownership. This has put even greater pressure on new entrants such as Air Europe to penetrate a market which to a great extent has already been sewn up between the big airlines.

The rapid decline and fall of Air Europe could lead to a reappraisal of both UK and EC airline competition policy.

There were suggestions yesterday that these policies had perhaps been pursued too fast and too vigorously. There were also suggestions that the CAA should in future adopt a more rigorous approach to granting scheduled licences to new airlines, to ensure they can sustain tha pace in one of the world's most cut-throat and cyclical businesses.

Paul Betts

Glyn Genin

Tails down: the attempt to create an international scheduled carrier proved a difficult route for Air Europe

Consumer reaction feared by sector

THE EUPHORIA in the travel trade over the past week following the end of the Gulf war and tha cut in interest rates turned sour yesterday. Travel agents, who had been expecting that today would see probably their best day's bookings of tha year, now expect to face many thousands of anxious customers of International Leisure Gronp asking what will happen to their summer holiday.

Thomas Cook, one of tha leading travel agency chains, is opening its branches from 8 o'clock this morning to cope with the expected level of inquiries.

"It's hit us at just the wrong time," said one travel agent yesterday. "We desperately needed the surge in sales wa saw last weekend to carry on for a few weeks yet. Now consumar confidence in booking a holiday may simply collapse."

The underlying weakness in sales of package holidays this year was shown by the fact that, although bookings are said to be running a third higher than in the first week of March last year, the leading multiple chains of travel agents this week all announced higher-than-ever discounts on holidays booked through them.

In spite of the recovery in bookings, the loss of sales for most of January and February – the two crucial selling months of the year – meant that travel companies needed two very good months just to catch up.

Thomson Holidays, the UK's largest operator, with about 28 per cent of the market, says it still has 1m unsold holidays because of the January shortfall. ILG, with 16 per cent of the market, has only sold an estimated 400,000 of the 1.3m holidays it put on the market this summer.

It had originally asked the Civil Aviation Authority, which licenses charter airlines, for permission to fly 2m passengers but this was a normal over-estimate, made in case there was sudden extra demand for package holidays.

The immediata issue of concern to other travel companies is what will happen if ILG's tour operations are forced by the administrators to caase trading. Industry forecasts suggest that the overall package holiday market will fall by about 15 per cent to 20 per cent this year, bringing total sales of packages below 10m for the first tima in several years.

Most tour companies were, until yesterday, preparing to cut capacity this summer rather than rednce sales. Owners Abroad, the third largest tour operator, and Thomson had each announced they were cutting 300,000 holidays from their early summer programme.

But if ILG goes, this solves the tour operators' dilemma as it will remove most of the overcapacity.

The fall-out from ILG's problems will be felt most by travel agents in the coming months. Many small ones are likely to go ont of business because of the fall in their volume of sales, on which they earn commission.

The top five multiples – Lunn Poly, Thomas Cook, Pickfords, Hogg Robinson, and A T Mays – already have nearly two thirds of the market between them and would find gaining any further increase in market share to be expensive.

Pickfords and Hogg Robinson have for some time been aeen as the most vulnerable of the five chains, though Midland Bank's financial problems may force it to hive off the Thomas Cook chain as well. Thomas Cook is this year celebrating its 150th anniversary at what is potentially most difficult time ever for the travel trade.

David Churchill

Rapid reversal of fortune

"AT THE beginning of January, we were holding the investment quite happily at its valuation. And then, bang. It all went head over heels."

Those comments yesterday, from one of International Leisure Group's shareholders, sum up the speed with which the travel and airline company went into reverse this year, becoming a cash drain none of its creditors was willing to feed any longer.

Few creditors and shareholders were prepared yesterday to attribute blame for the demise, but a fuller picture began to emerge of the recent frantic negotiations to keep the group afloat.

Tha depth of the group's financial problems was clear from its trading position in the three months to the and of January, when it msda a pre-tax loss of £50m. That compares with a loss for the whole year to October 1990 of £44.2m, and showed a sharp deterioration under a deepening recession and the threat of war in the Gulf.

As new holiday and airline bookings dropped off, tbe group developed a voracious appetite for cash. It obtained an overdraft facility of £40m in January, and last week received a further £40m from Omni, its largest shareholder. By yesterday, according to Mr Tim Hayward, one of tbe group's administrators, all that cash had gone.

Faced with such a need for funds, it was perhaps not surprising thet creditors finally failed to agree on terms to pump more money into the group.

Lloyds Bank, the largest creditor, had offered to convert £50m of debt in the group into equity. The bank is thonght to be owed a further £30m. Late on Thursday evening, it became clear tbat Lloyds, among otbers, was not prepared to go any further.

One creditor suggested yesterday that the collapse, when it came, was precipitated by creditor banks which had charges over the group's aircraft and so would be less damaged by a collapse than unsecured creditors.

Early on Friday morning, as ILG's directors were mulling over a proposal to call the group into administration, they heard that a group of 14 banks, led by Citicorp, had already sought and obtained an order to appoint their own receiver.

These banks had lent $315m (£168m) secured on aircraft held by two ILG subsidiaries, AE Norsk and AE Finance.

Mr Joho White of Cameron Markby, solicitors to tbe administrators, said: "It would not be right to say that this move precipitated the administration."

The directors had already called in accountants and been advised tbat tbe group was insolvent, he said.

The biggest casualties from the ILG collapse, apart from Lloyds, are likely to be its shareholders, who took part in a buy-out just four years ago.

They include Omni, whicb itself this week sought protection from its creditors, with a disputed 49 per cent stake; Investcorp, a venture capital firm, and Bankers Trust, eacb with 10 per cent; and Legal & General, tbe insnrance company, and Baltic Investments, a venture capitalist, each with less than 5 per cent.

The rest of tbe equity is believed to have been held by Mr Harry Goodman and his associates.

Richard Waters

Lessons of Court Line

THE youngest customers of Club 18-30, one of ILG's holiday companies, were only toddlers wben Court Line and its Horizon and Clarkson Holidays subsidiaries went into liquidation in August 1974, temporarily stranding 50,000 people abroad.

That sudden collapse and the political storm that followed led directly to the establishment of the Air Travel Reserve Fund to protect UK package holiday-makers.

It covers any excess over the bond which must be posted by members of the Association of British Travel Agents.

Since then, no package tourist who booked through an Abta member has lost money, although there has been occasional criticism over delays in obtaining refunds.

But the collapse of Laker Airways in 1982 and the exposed position of ticket-holders on ILG's Air Europe subsidiary have highlighted the continuing lack of protection for passengers on scheduled flights. "We're working hard to try to get it covered," Abta said yesterday.

Clay Harris

Memories of Laker are revived

THE COLLAPSE of Air Europe has revived bitter memories in Mallorca of the Laker Airways bankruptcy in 1982. Stranded tourists go bome and those wbo have still to take their Costa holidays are recycled by other charter companies.

"Bnt there are also a lot of tourists that you lose, perhaps forever," Mr Eduardo Gamero, director of tourist promotion in the Balearic Islands said yesterday.

Officials and hoteliers in the Balearics and elsewbere in Spain feared that Air Europe's troubles migbt inflict a far more serious blow on the domestic tourism industry by dragging the International Leisure Group down with it.

Mr Gamero said he had received asurances that ILG would continne the holiday package business and that Mr Martin Crozier, manager of the Magalluf Park-Sol hotel in Palma de Mallorca's main resort, expected the group's clients to arrive as planned.

The tourism sector is nevertheless resigned to receiving fewer Britons. Mr Gamero said there were signs of a revival in the number of Germans arriving after the conclusion of the Gulf war, but there was still "a big qnestion mark" over whether British trade to Spain would pick np.

There were 230,000 fewer British tourists in the Balearics last year, and the total from the UK fell for the first time below that of the German tourist contingent.

Tom Burns

Swiss company's ILG link puzzles analysts

BANKERS and analysts tried yesterday to pierce the legal fog surrounding the ownership of the 49 per cent stake in ILG which was held last year by Omni Holding, the Swiss-based master company of Mr Werner Rey, a Swiss financier.

On Wednesday Omni announced that it was applying for court protection against its creditors. Mr Rey, who had resigned as chief executive the day before, was replaced as chairman.

It is widely believed that a link exists between Mr Rey's failure to solve Omni's cash and debt problems and the collapse of ILG. A dispute between Harpener, Mr Rey's German holding company, and Omni over tbe 49 per cent interest in ILG made it difficult yesterday to determine where the legal responsibility for ILG might lie.

Omni sold the stake to Harpener, its German subsidiary of which Mr Rey is chairman, in December last year.

Harpener then sold a 19.5 per cent interest in ILG to Comco, the Swiss subsidiary of Asko Deutsche Kaufhaus, a big German retailing group. Harpener retained 29.5 per cent of ILG, although it has since said that it intended to sell on the entire package quickly.

Omni and Harpener disclosed no price for the first sale, but a Comco executive told Swiss reporters that his company had paid SFr90m (£37m) for its 19.5 per cent. Harpener said that in December the purchase of the stock looked like a sound investment because of the aircraft and options on aircraft possessed by tha UK travel group.

ILG embarked early this year on a financial restructuring under which, according to a Swiss banker, Lloyds Bank would turn a £50m debt into equity and the other shareholders would have to find £40m in new share capital. ILG said earlier this week that it had received £40m from Omni.

On February 21 Harpener announced that it was demanding the "instant reversal" of the ILG stock deal with Omni. Comco is understood to have told Harpener that it would exercise its right under the terms of its sales contract to sell back its 19.5 per cent ILG stake to Harpener.

Harpener said it demanded the unwinding of the deal on the basis of "contractually agreed guarantees" but would not be more specific. The Dortmund-based company also said it had concrete indications that at the time of completion the sellers bad "not fully presented circumstances that were crucial to the acquisition".

Lawyers said that one legal worry for Harpener's snpervisory board and management would be that, if the price paid for the ILG stake was deemed excessive, other shareholders might argue that it constituted a secret dividend to Omni, for which Harpener might be forced to compensate other shareholders.

Omni reduced its interest in Harpener from 83 per cent to 54 per cent last year by placing some 30 per cent of the stock with a group understood to include Japanese investors. Under this deal, too, provisions were inclnded that allowed Omni to buy back the shares from December 18 1991 or, if that option was not exercised, allowed the investing group to sell the shares back to Omni from December 18 1993.

Omni said at first that it was looking for a solution to Harpener's demand for a resale of the ILG stake that would satisfy both parties. Yesterday, Omni confirmed that no resale had been effected.

Harpener said it was continuing with its demand that Omni unwind the deal. On Wednesday Harpener declared the sale null and void and insisted that it wanted its money back.

However, if Omni's application for court protection is approved, it cannot execute transactions without the approval of the administrator and its other creditors.

Mr Jürg Neck, an Omni official, said yesterday that the holding company had not been able to draw any conclusions about what the collapse of ILG meant for it and would not make any statement.

William Dullforce and Katharine Campbell

UK NEWS

AFTERMATH OF TORY DEFEAT IN RIBBLE VALLEY

Democrats prepare for a tougher battlefield

By Ralph Atkins and Alison Smith

ONCE the euphoria of success and the champagne bubbles in Ribble Valley have faded, Liberal Democrats know they have to return to harsh reality in British politics.

Mr Paddy Ashdown, party leader, was yesterday merrily taunting his political foes: "You ain't seen nothing yet." Nevertheless, his long-term strategy recognises that the Liberal Democrats are still far from breaking the Labour and Conservative duopoly at Westminster.

His priority on becoming leader 2½ years ago was to restore morale and party finances following the ructions over the merger of the former Alliance parties. Only more recently has the war of attrition become a war of manoeuvre.

It is a largely opportunistic advance. After its Eastbourne triumph in October, by-elections in Bootle and two in Paisley were reminders that in large parts of Britain the party has no chance. Liberal Democrats now have to keep the bandwagon rolling in the unpromising territory of Neath in south Wales, where Labour will be defending a majority of more than 20,000 in the forthcoming contest.

By-election spectaculars, built on hard work and exploitation of Tory disquiet, bring credibility and attention. Yet, even amid yesterday's celebrations there was noticeable sobriety.

"We don't subscribe to the view that one swallow makes a summer," said Mr Charles Kennedy, party president. Senior officials talk only of "net gains" on the present 21 MPs after the general election. A Gallup poll in yesterday's Daily Telegraph put Liberal Democrat support nationally at 13 per cent.

It is an approach which contrasts starkly with that of the former Alliance parties. There will be no "go back to your constituencies and prepare for government" – the rallying call of Sir David Steel when Liberal leader.

A general election fund of up to £2m – perhaps a fifth of that expected to be spent by Labour and the Conservatives respectively – is likely to be aimed at key constituencies. Campaigning will play heavily on Mr Ashdown's credentials as leader but avoid portraying the Liberal Democrats as a "one-man band".

There will be little scope for the intensive campaigns Liberal Democrats can run in by-elections, both in terms of party workers and money. Spending by the party in Ribble Valley is likely to have approached £24,000, including sophisticated advertising in local newspapers.

Mr Ashdown is concerned, nevertheless, to get the Liberal Democrats heard. "After all the muddle and fuzziness of the Alliance I would frankly sell my grandmother for a bit of definition," he said last year. The Gulf war brought some success, with Mr Ashdown winning plaudits for his energetic and statesmanlike commentary on television and radio.

Mike Arron

Taunting their foes: Mike Carr (left) and Paddy Ashdown, who has to keep the bandwagon rolling to the general election

Liberal Democrat policy has been deliberately tailored to look well beyond the next election. There are no quick fixes on offer. The party's policy document – Shaping Tomorrow, Starting Today – launched last week, warns that taxes may have to rise to fund education reform.

So far he has sought to sell Liberal Democrats as an independent party concentrating on his five E's: the economy, education, environment, Europe and electoral reform.

Nearer the election, Mr Ashdown is likely to make more explicit the price of his party's support in the event of a hung parliament. Electoral reform and a strong commitment to European integration have already been set as "indispensable foundations". Further elucidation is expected when Mr Ashdown addresses the party spring conference in Nottingham next weekend.

In seeking vision for his party, Mr Ashdown takes inspiration from Germany's Free Democrats – a like-minded liberal party supportive of policies to harness markets, protect individual freedoms and defend the environment. Both are also heavily pro-European.

There are differences: tha British party is more assertive in its defence policy, more obsessed with constitutional reform – and Germany's Free Democrats are in government.

Voters show increasing willingness to cock a snook at authority

By David Butler

THE Ribble Valley by-election has produced the most remarkable result since the Second World War. One or two contests have shown comparable swings to the opposition, but never when the government was so handsomely ahead in the opinion polls.

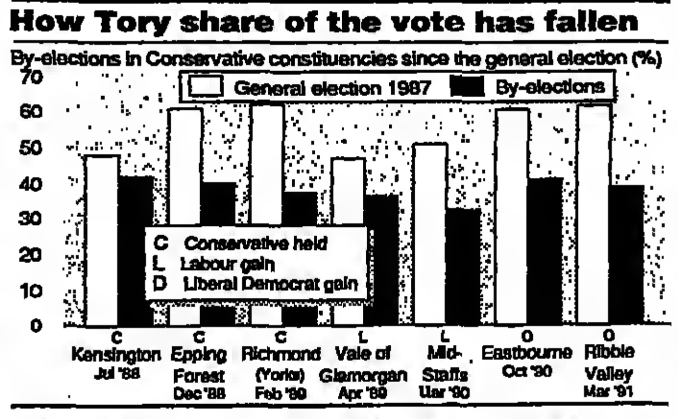
Of course, Eastbourna told the world last October that no seat is safe in a by-election, but since then, the Conservatives have jumped from more than 10 points behind Labour to several points ahead, and Mr John Major is twice as popular as prime minister as Mrs Margaret Thatcher was.

Moreover, the Conservative campaign and candidate in Ribble Valley were less inept than in Eastbourne.

Yet the volatile British voters, in the irresponsible situation of this by-election, have demonstrated their increasing willingness to cock a snook at authority and mount a civilised protest at the poll tax.

How Tory share of the vote has fallen

By-elections in Conservative constituencies since the general election (%)



Ribble Valley's poll tax protest was impressive.

It is important to remember that a general judgment on the competence of Mr Major's government was not at stake in the by-election: voters did not face a decision on whether it would be better to put Labour in power.

A 9 per cent share of the vote in the Ribble Valley must be seen as a disaster for Labour. Mr Neil Kinnock's heroic efforts to discipline his party, to marginalise its wild elements and to offer policies acceptable to middle Britain deserve far more credit than most Conservatives allow.

But the Conservative strategists can still stir latent anxieties about putting the country's defence forces and economy in "socialist" hands.

On the other side, if the movement in Ribble Valley were repeated nationally the Conservatives would not have a single seat in the next election. Mr Chris Patten, the Conservative party chairman, was quick to seize on the exit poll evidence that the Liberal Democrats' vote in Ribble Valley would drop from 48 per cent to 31 per cent in a general election.

Of course there will be a swing back. Seven of the 13 seats lost by the Conservatives to the Liberals or SDP in by-elections since the war were won back at the next election. In June 1987, the Conservatives fared 9 per cent better than in the by-elections of the previous 12 months.

The most important message of the by-election may lie in the latest demonstration of the electorate's willingness to vote tactically.

Ribble Valley is a scattered constituency, but energetic Liberal Democrat campaigning – powerfully aided by Tuesday's Independent/Newsnight poll showing clearly that the Liberal Democrats were the challengers to the Tories – induced a massive switch in the final hours.

In a general election, Mr Paddy Ashdown's forces will not be able to concentrate their efforts so effectively, but the evidence that people can be persuaded at the last moment to a strategic change of vote must strike a chill in many Tory hearts.

There are 42 Conservative MPs who secured less than 50 per cent of the vote in the 1987 general election and had a Liberal Democrat in second place.

The 20 current Liberal Democrat MPs must breathe easier today. The party may be lagging at 13 per cent in the nationwide polls, but only four Liberal Democrats face Labour in second place.

The other 16, with Conservative challengers, can now look forward to a further tactical squeeze on Labour voters to keep them in the House of Commons, and to win them some new colleagues.

The likelihood of a hung parliament is thus enhanced. It requires only a 4 per cent swing nationwide to drive the Conservatives down from the 376 seats they won in 1987 to below the magic 326 needed for a clear majority. Yet it will take an 8 per cent swing to raise Labour from 229 seats to 326.

So there is a large no-man's land, where the 40 to 50 Liberal Democrats, Ulster members, Plaid Cymru and SNP members hold the balance. Every extra Liberal Democrat seat adds to the chance of there being no clear majority when wa finally cast our votes in a general election.

Ribble Valley shows that what all parties have to fear is electoral volatility. Voters are less and less rooted in deeply-established party loyalties.

The elections of 1970 and February 1974 were certainly decided in the course of the campaign. The possibility of that happening again in June or October 1991, or in June 1992, looms larger.

David Butler is a Fellow of Nuffield College, Oxford.

Hattersley puts blame for poll tax on Major

By Ivo Dawnay

MR ROY Hattersley, Labour's deputy leader, used the platform of the Scottish Labour party conference in Aberdeen yesterday to re-emphasise Mr John Major's personal endorsement of the poll tax.

In a rallying speech clearly targeted at the prime minister in the wake of the Tories' Ribble Valley by-election defeat, Mr Hattersley said responsibility for the tax and the state of the economy should be placed firmly at tha door of 10 Downing Street.

Mr Hattersley quoted remarks made by Mr Major two years ago describing the poll tax as "a great improvement on the status quo", and said that the prime minister had no alternative now but to abolish it.

Five full pages of Mr Hattersley's 11-page address to the conference were devoted to criticising Mr Major as one of the chief architects of Mrs Thatcher's economic record as prime minister.

He said: "Mr Nice must take much of the responsibility for the crisis which now faces our economy. The slump is his creation. High interest rates were his remedy.

"Mortgage payers all over Britain are being impoverished because he chose to run the economy according to the doctrinaire rules of half-thought-out Conservative theory," he added.

Mr Hattersley went on to challenge the prime minister's commitment to Scotland, pointing out that when Mr Major had increased the capital limit on the poll tax rebate scheme he forgot to include Scotland in the changes.

Labour's attack on Mr Major came as the prime minister completed his second visit to Scotland yesterday in two months.

Opinion polls have shown that Mr Major's popularity in Scotland is far ahead of that of Mrs Thatcher, his predecessor, and in one case was substantially higher than that of Mr Neil Kinnock, the Labour leader.

There was some criticism in the corridors of the Aberdeen conference centre yesterday over Mr Kinnock's decision not to attend the Scottish party conference at a time when speculation is mounting over the possibility that a general election is imminent.

Labour's biggest guns have Lambeth in their sights

Ivo Dawnay on why the party is stepping up its fight against the far left

A BEARDED man asked three gossiping porters at the back door of Lambeth Town Hall on Tuesday night: "Can you tell me the way to the Stop The War meeting"?

"But the war has stopped," they laughed.

"I know," he replied, breathless with urgency and exasperation, "but I am sure the committee is carrying on."

For Lambeth, the war is nearly over. Last month, Labour's headquarters at Walworth Road brought out its big guns on the national executive committee to declare open season on Ms Joan Twelves, the council leader, and at least half a dozen of her class-warrior colleagues.

There is little doubt that, sooner rather than later, their membership of the party will be withdrawn. Another chapter in the demise of the "Peoples' Republics" in the London boroughs will be written.

Labour insists that the Lambeth hard left are London's last remnants of "looneyism". To make sure, the party has appointed a London campaigns director and a London press officer in its national headquarters in the face of objections from its regional officials across the road at Herbert Morrison House.

The clean-up has taken dangerously long to complete: it is now nearly six years since Mr Nail Kinnock, the leader, launched his passionate attack on "councillors sending out redundancy notices in taxis" in a broadside against Liverpool Militants at the 1985 party conference.

Even now, almost monthly, there are fresh reports of investigations by the disciplinary National Constitutional Committea. An inquiry into tha local party in Birkenhead, where Mr Frank Field is the MP, is almost complete. There is still work to be done on tha Wirral constituency. Elsewhere, all is relatively calm except in London.

Investigations are going on in the Bethnal Green and Stepney, Bermondsey and Tower Hamlets local parties where the veteran anti-European, Mr Peter Shore, is threatened with deselection for his less modish right-wing standpoint.

The party line now is that these local difficulties are merely irritants after a successful clean-up campaign. Officials point to last weekend's London Labour party conference at which Ms Twelves was replaced on the regional executive by the voter-friendly face of Ms Sally Keeble, leader of Southwark council.

Ms Glenys Thornton, the Kinnockite chairwoman of the London party who was herself removed last weekend, insists that Ms Twelves's departure was the more significant.

In her farewell speech, Ms Thornton remembered that just five years earlier, the successful Labour candidate in the Fulham by-election was castigated by the executive for the "heterosexist" tactic of using a picture of his wife and family on his election address.

That said, the argument that the headline-grabbing hard left are the exception not the rule carries less weight when measured against tha electoral damage it they can create. Mr David Blunkett, Labour's local government spokesman in the Commons, points out that the "opposionist" tendency has actually had considerable electoral success in the poor inner city boroughs. "The problem is, it frightens everyone else to death," he says.

It is marginal seats seats like Dulwich or Battersea among 23 others that are crucial to Labour winning the next election. Labour holds 24 of the 82 London constituencies.

Lambeth's difficulties are now widely viewed as too public to ignore.

The notorious Gulf meeting, costing poll tax payers an alleged £2,000 to allow councillor poll-tax refusiniks to attack the Labour leadership, was the last straw.

Complaints of physical intimidation of the Labour right were also considered intolerable. It was concluded that a public purge now was preferable to accusations of inaction.

Some national officials believe there are positive benefits in a crackdown.

It is pointed out that party political broadcasts often use the 1985 Kinnock speech as an example of the party's transformation.

Even so, there is some sadness at having to act once again as the policeman when an election is nearing. "We could just about take the managerial incompetence," one insider says. "But, coupled with immature leadership and silly political gestures, it was too much."

Experts baffled by big gap between highest and lowest poll tax levels

By Richard Evans, Neil Buckley and Andrew Jack

THE LONDON boroughs of Lambeth and Wandsworth may share a common border, but their polarised community charge levels – Wandsworth has the lowest in the UK and Lambeth is about to fix one of the highest – show they have little else in common.

Residents are baffled at how Wandsworth is able to fix a poll tax of £136 for 1991-92, £12 less than this year's record low, while Lambeth is struggling to keep its charge below £600. Local-government experts are equally at a loss to explain in detail how the gap has become quite so wide.

The Audit Commission, the independent watchdog on local government finance, says it is impossible to make true comparisons between many boroughs because of the scope for concealing income and expenditure patterns. The fact that Lambeth rarely provides detailed returns does not help.

Mr Tony Travers, specialist in local government finance at the London School of Economics, says: "I don't know anyone who can fully explain away such a gap. There are a number of pointers, but it is the scale of the gap that is so puzzling."

First, and most significant, is the differences in the outlook and strategies of the two boroughs that have developed in the past decade and earlier.

When the Tories captured Wandsworth from Labour in 1978, it had very high rates and poor services.

A succession of leaders, including Mr Christopher Chope, now a government minister, and Sir Paul Beresford, the present leader, strove to develop Thatcherite policies before they were off the drawing board.

There was an aggressive strategy of selling off council houses throughout the 1970s, and competitive tendering of council services was embraced enthusiastically in the 1980s, years before it became compulsory.

It became a matter of pride for Wandsworth to have the lowest rates in London, and then the lowest poll tax.

Wandsworth became Mrs Thatcher's favourite borough. With Westminster, it saved the Tories from humiliation in last May's council elections, when a majority of one in Wandsworth was transformed into a safe majority of over 30.

Lambeth has been a "problem" borough to central government, Labour as well as Conservative, for years. When the Labour group was led by Mr Ted Knight, who was surcharged and debarred with other councillors in 1986 for failing to set a rate, Lambeth was run on tough Stalinist lines.

There was high spending on services, financed by high rate increases after an election, moderate ones in the middle years, and rate cuts before the next election. It was cynical but effective.

Since then, high spending on services has continued, but the control is missing, and the borough has gone into a downward spiral from which it will find recovery difficult. It has maintained skeleton services, but will now have to make significant cuts and lay off employees.

Lambeth has special difficulties of poverty and poor housing, and it has always given a high priority to providing a range of social and community services. But it is battling with its own inefficiency, and to outside observers it is a shambles.

Unlike Wandsworth, which has built up substantial reserves from selling off its housing stock, Lambeth has rent and rates arrears of over £66m, most of which will never be recovered, and it has opposed the sale of council housing.

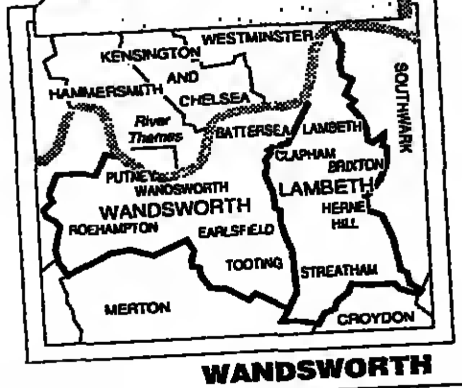
Lambeth received central government funding of £1,557 per adult this year, compared with £1,192 for Wandsworth, but the big difference in funding came from transitional relief, or the safety net. Wandsworth received £18m against Lambeth's £410,000.

Because of its substantial reserves, Wandsworth was able to use more than £7m to help reduce the poll tax next year, but it still has healthy reserves of £20m and a contingencies fund of £15m.

"We haven't raided the larder, and we are in a very sound financial position," says Mr Maurice Heaster, finance chairman.

Mr Tony Belton, Labour leader in Wandsworth, argues that there have been significant cuts in services to achieve such a low poll tax.

"It's a game of buying votes at the cost of services for those who most need them," he says.



	WANDSWORTH	LAMBETH
COMMUNITY CHARGE	£136	£600 ?
Total expenditure	£261.60m	£347.77m
Revenue support grant	£140.75m	£201.22m
Transitional payment	£18.08m	£0.41m
ILEA transitional grant	£7.97m	£6.69m
Business rates	£69.08m	£60.20m
Charge-paying population	195,000	181,000
Housing benefit claimants	10,000	30,300
Poll tax collection rate	74%*	58%**
Poll tax summonses	25,000	2,000
Rent and rate arrears to March 1990	£10.2m	£66.8m
Number of council dwellings	25,000	49,000
Average weekly rent	£45.31	£29.85
Meals on wheels (per year)	454,000	663,000
Average charge per meal	90p	50p

* to January 31,1991 ** to February 28,1991

PM looks to Scotland for revival

By James Buxton

MR JOHN MAJOR said in Glasgow yesterday that he would not be satisfied with his party's performance in Scotland until it had won a majority of the 72 parliamentary seats there.

Mr Major spent the day in Scotland meeting soldiers' families in Edinburgh, talking to the Scottish National Farmers' Union in Dunblane, addressing the party faithful in Stirling, and talking to people in the streets in Glasgow. It was his second visit to Scotland in less than two months.

He set the Scottish party, which holds only 10 Scottish seats, the task of recovering the majority position it last held in 1955.

The party was reviving north of the border, he said, having gone as low as 13 per cent in the Scottish opinion polls in recent years, and having reached 30 per cent at one point since he came to office. "You only have to go out on the streets to feel it," he added.

Many of the basic instincts of Scots were in tune with what the government was doing. Scotland had felt it was being ignored, but a quarter of tha cabinet were now Scots.

He brushed aside the Ribble Valley by-election result. "It doesn't make any difference either way," he said. The exit poll predicted the result of the by-election accurately, but had also shown that the Conservatives would win the seat comfortably at a general election.

Thatcher backs US dominance in Nato

By Peter Riddell, US Editor in Washington

MRS MARGARET THATCHER yesterday celebrated the award to har of the Presidential Medal of Freedom, the highest US civilian award, with an uncompromising defence of that nation's continued dominant role in Nato. She also brutally dismissed proposals for a federal Europe with a united foreign policy.

The former prime minister gave a clear signal in Washington that she will continue to argue for her belief in close transatlantic relations and in a Europe of sovereign nations.

In a television interview, Mrs Thatcher attacked those who "ran away" when she needed support during November's leadership election.

"Yes, some of them were frightened at the opinion polls: democracy is about leadership, not about followship," she said.

In her speech, Mrs Thatcher referred in dismissive terms to Brussels, Germany (which had to realise that defending freedom required risking life as well as treasure) and France (with its five constitutions in the time the US has had one).

Sha argued that it was in the interests of Europe that tha US "should continue to play that dominant role in Nato to which we have become accustomed".

She added: "Indeed, as was demonstrated in the Gulf, for all the assistanca which Britain and other powers gave, only one nation really has the power to defend freedom and security in the world today – the US."

Firmly rejecting a federal Europe, she said her vision was of a Europe of "sovereign states proud of their national identity, a force for open trade, democracy and liberty".

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Never mind the weather

WHEN analysts try to rationalise market movements for the benefit of baffled non-experts they sometimes refer to the stock market as a barometer. The analogy is not such a bad one and its usefulness is implicitly acknowledged by economists when they use stock market movements as a forward indicator. Yet barometers can be faulty. And after a week in which equity markets around the world have soared on the basis of precions little good news and plenty of bad, some experts are even beginning to wonder whether the party is not getting out of hand.

That is not to say that the bnoyancy of the past few weeks is entirely unjustified. While it may, at first sight, seem perverse that equities should have taken off at the very start of the land war in the Gulf, there was good reason to be optimistic about the economic fundamentals. From the moment it became clear that the allies' air superiority had rendered Saudi oil wells invulnerable to Iraqi attack the biggest threat to the world economy – a soaring oil price – was removed.

Similarly, the end of the war can now be expected to bring both direct and indirect benefits. The reconstruction of Kuwait will provide a boost to demand in the two leading economies that have been hardest hit by recession, the United States and the United Kingdom. A boost will also come from the repiscement of military equipment. Neither of these things is readily quantifiable at this stage, but each can be relied on to prodnce a benign demand shock for the world economy not unlike the one already under way as a result of German unification.

Capital flows

This raises a question for global savings and capital flows. Like Germany, Kuwait is traditionally a capital exporter. Yet the German balance of payments figures for January which emerged this week revealed that the current account has run into deficit as resources are diverted to the east. At the same time, it emerged that Kuwait was seeking to borrow up to $20bn from international banks.

Against a background of sluggish growth in the world economy the additional call on savings scarcely amounts to a scare story for interest rates. But it does mean that rates will fall rather less than would otherwise have been the case. Meantime, the appearance of a new and creditworthy sovereign borrower looks like cheerful news for the banks.

In reality, the boom in world markets probably owes less to the ending of the war than to another important shift in the economic climate: the US Federal Reserve's recent moves to relax monetary policy, which were reinforced by a further cut in interest rates yesterday. Investors have conclnded that the US interest rate cycle has turned and that in due course others will follow.

It is here that the questions about the reliability of the barometer arise. Much of the impetus for falling interest rates in the US stems from the Fed's worries aboot the weakness of the US banking system. At the same time, all the statistics on the US economy point to continuing contraction and low business confidence. Both the personal and poblic sectors are heavily indebted, which suggests that falls in interest rates may take longer to be reflected in increased demand than the markets hope.

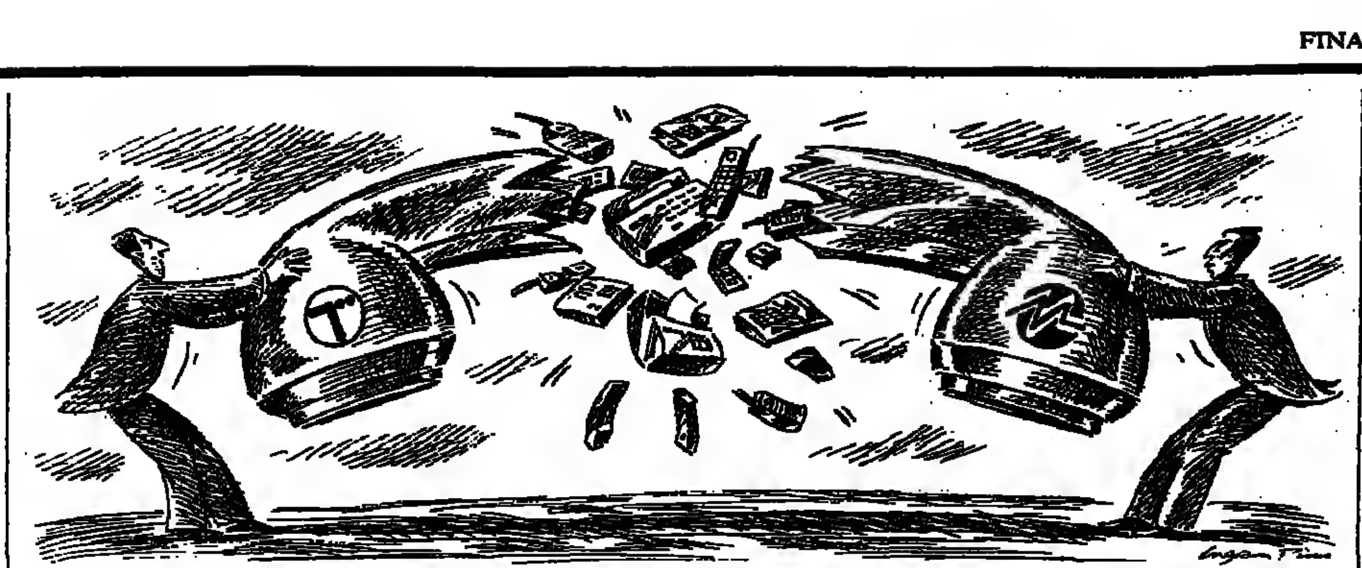
Dismal data

Much the same points could be made about the UK economy, where recent economic data have been dismal and the government's economic record has been subjected to a pointed critique in the Ribble Valley by-election. The plight of the banking system may be less acute than in the US, though it has been exceptionally painful for Midland Bank, which this week announced its first dividend cut since the war together with the early retirement of its chairman. But the incidence of bad debts remains high; and with interest rates coming down more slowly than the underlying inflation rate, real interest rates look set to rise over the year from their already draconian levels.

The British personal sector is admittedly less indebted than its US eqmivalent but if the precedent of the mid-1980s is any guide, this year's high real incomes will go towards reducing debt rather than boosting retailers' profits. Only when incomes look more secure – which in practice means when unemployment figures start coming down – will private individuals start to borrow to any great extent.

Even in Japan, hitherto largely immune to the cold blast of recession, the numbers are deteriorating, with Nomura Research Institute forecasting a fall of more than 9 per cent in corporate profits this year and an impending collapse in capital investment.

All this might suggest that the markets are overdne for consolidation. Yet the upward surge has been driven by liquidity; and when that happens it is highly dangerous to second guess the barometer, faulty or otherwise.



Charles Leadbeater presents a telephone user's guide to the choices opening up in the UK

The call of competition

Welcome to the brave new world of telecommunications – a world of expanding consumer choice, advancing technology, falling prices and ever-improving service.

By the end of this decade telephone users could have a bewildaring choice. British Telecom and Mercury Communications, its only competitor in providing fixed link services, could be besieged by a host of other telecommunications groups. American companies, mobile telephone network operators, a clutch of new trunk networks – all of these will be clamouring at the door of the British consumer.

This, at least, is the dream behind the government's radical proposals published earlier this week to break open the telecommunications market to greater competition.

But how likely is it in reality that a market long overshadowed by a slow-moving monopoly, can escape into a bright era of spritely, consumer-friendly telephone companies?

Travellers to the future should carry with them two cautionary rules of thumb. The first is that given the scale of the investment needed to enter the market it could take more than a decade to reduce BT's overwhelming dominanca to any really significant degree.

The second is that consumers are not equal: some will feel the benefits of competition before others. The liberalisation of the UK market in the 1980s mainly benefited large, international businesses, which generate a high volume of calls and demand sophisticated data services. Similarly, businesses are likely to benefit earlier and more than domestic consumers from this further liberalisation.

The vast majority of the 26m telephone subscribers in the UK still have no choice but to use BT. One of the most important tests of the government's policy will be whether competition makes inroads into the residential market.

Here is a rough guide to the telecommunications market of the future:

What is the telecommunications duopoly? It sounds like a board game.

BT and Mercury are the only companies licensed by the government to provide fixed link telephone services to the public. They are the duopolists.

How is the government proposing to change it?

From this week any company will be able to apply for a licence to run a fixed network in competition with the dnopolists. This could be for a UK local or long-distance network.

What about international services? Will it be like flying, when I have a choice of airlines of different nationalities to carry me to my destination?

No, international competition will be limited to BT and Mercury for the foreseeable future. The government says this is because new competitors in the UK would find it difficult to get telephone companies overseas to co-operate with them. More competition in international services in the UK will depend on progress in international talks to open up markets.

Does that mean BT and Mercury will continue to charge high prices?

There is hope on the horizon. Oftel, the regulator, has imposed a 10 per cent cut in BT's international prices from June. From August international prices will be included in the overall cap on BT'a prices for the first time. And the cap on its domestic prices is being tightened further.

Will many companies build national networks to run in parallel with BT?

No, that would be very wasteful. But at the local level cable television companies will lay down cables in their franchise areas and offer telephone services to people connected to them. Mobile telephone operators will be able to expand by developing permanent radio networks for instance within housing estates.

How could these operators offer long-distance services?

Cable television companies might band together to link local services into a wider network. More likely they will pay a fee to companies such as BT and Mercury which will carry calls long distance.

So will we continue to depend upon BT and Mercury for long-distance services?

Only in the short run. Competition in the long-distance market is likely to come from utilities such as British Rail, British Waterwaya, and the electricity companies.

If a cable TV company does not operate in my area how will I get the benefits of competition?

You should gain from what is called in the jargon "equal access". You could carry on using BT for local calls but use another operator for long-distance services. Your call would be carried from your phone to a local exchange by BT, then for the long-distance portion of its journey it might be carried by British Waterways Telecommunications.

How would equal access work?

Every time you made a call, yon could dial a prefix say 15 for British Waterways and 16 for British Rail, to choose them as the carrier. Alternatively you might decide to plump for a cheaper carrier for a set period. Equal access should be available by the second half of the decade.

If I move from one supplier to another, will I have to change my number?

Oftel is developing a system of portable numbers. You will have a personal telephone number to carry from one provider to another.

Will BT prices for rentals and calls remain uniform between different categories of customer?

Over the next five years BT will be able to introduce pricing packages tailored for different customers. For domestic customers prices for line rentals might rise faster than prices for calls. This would be designed to encourage them to use the phone more and to cover the cost of installing the line. BT wants to meet long-distance competition by being able to cut prices. New competitors will choose their own prices. But under the government proposals, BT would only be able to increase line rentals if it compensated people on low incomes who do not use the telephone much.

So will I get better value for money?

Probably. As well as the cut in international prices, domestic call costs should from next August rise by 6.25 per cent less than the rate of inflation, rather than the current 4.5 per cent. This should benefit residential customers. Trunk call prices should be reduced by competition. This will benefit businesses first but residential customers should gain thereafter.

It will take some time before competition cuts prices for local calls because the investment to create a new local network will be so great.

How will the government's efforts to foster competition affect BT'a profits and my dividends?

BT will have to cut costs more aggressively to maintain profit growth. But City analysts believe it won important pricing concessions for co-operating with the duopoly review. Even if BT's profit growth is reduced it will not happen for some time.

This is devilishly complicated. A long-distance call could be carried first by a local cable TV company, then BR and at the other end by a "mobile" network. Will I get a host of bills from different companies? How do I make a sensible choice about the cheapest service?

Your bill will come from the company you signed up with as a customer. It will gather details of your charges from other operators you have used. But the potential for mistakes will go up.

For this reason technological wizardry known as "lowest cost routing" might eventually become available, automatically routing a call along the cheapest path.

Do not overestimate the extent of competition. Given the scale of the investment needed to enter the market – the cable TV companies are talking of investing £5bn – the competitors will want to avoid a melée. The new competitors might decide they have more in common fighting the mighty BT than slugging it out with one another.

Much will depend upon how Mercury develops. Mercury has only a small local network. It might form alliances with cable television companies, mobile providers and others to link their local networks with its long-distance network to create a patchwork national network to compete head to head with BT.

The radical new policy might not end the duopoly of BT-Mercury Mercury. It might complete it by putting Mercury at the centre of a disparate second force which will group together to present a national challenge to BT. The duopoly is dead, long live the duopoly.

Check the burger index

Edward Balls on some grassroots UK economic indicators

This week's London stock market surge may have sent a chill down the spine of UK economists, not least at the Treasury.

The stock market, along with falling interest rates, peace in the Gulf and a touch of spring in the air has generated a sense that the recession may be turning. Economists find it notoriously difficult to spot such moments, just as no-one really foresaw the downturn when it started in the early summer.

Economic forecasters rely on models which are always several months out of date, as the Confederation of British Industry never tires of pointing out; only forward-looking indicators can say anything about the future. It was the sharp fall in business confidence evident in October's CBI Industry Industrial Trends survey that first alerted economists to the severity of the recession. They have been furiously reducing their expectations for economic growth in 1991 ever since.

The latest economic indicators suggest unequivocally that the economy is still contracting. February's CBI survey showed a further sharp fall in output and orders among manufacturing companies, while new car sales fell 25.7 per cent compared to the same month last year. But are these lagging indicators capable of saying anything about what is going on now?

The problem is, how do yon find genninely up-to-date evidence? Perhaps the only way is to look around and ask a random set of people what they think is going on.

So, holiday bookings – too late, alas, to save Air Europe – were 30 per cent up last weekend compared with the same days in 1990, according to the Association of British Travel Agents. Hamburgera are also up; at least McDonalds reports increased sales over the past two weeks. Kall-Kwik says demand for its copying services is on the rise.

A sprinkling of scepticism should, of course, be applied in all these cases. Holiday-booking patterns have more to do with the Gulf ceasefire than the economic cycle and more people may be eating Big Macs because they are no longer snowed in.

But there are some more solid indicators of good cheer. For example, the National House Building Council's "first time buyera ability to buy" index has been rising sharply over the past three quarters as interest rates and house prices have fallen while declining inflation is pushing up real incomes. Some in the building trade regard this as an utterly reliable sighting of the first cuckoo of spring.

Yet prospects of a housing-driven recovery still appear some way off. There is no tangible evidence of any pick-up in lending activity according to the Building Societies Association. Meanwhile, evidence from the Brick Development Association shows brick stocks rose again in January to their highest post-war level. Even though some brick-makers are known to be considering increasing production, there is a huge brick mountain to reduce. Nor was there this week any sign at the ports of a rise in imports to feed an imagined recovery in consumer spending.

Factors like this explain why economists who work inside the manufacturing sector remain pretty cautious. David Thomas, head of forecasting at ICI, sees no sign of significantly fatter order books. ICI thinks of plastics, a consumer-orientated product line, as one of its own better lead indicators; it remains depressed.

Gavyn Morris, Group Commercial Director at United Precision Industries, says bluntly that the stock market has got it wrong. "Once the market gets over its post-Gulf euphoria it will wake up to manufacturing realities." One such reality, he says, will be lower corporate profits. And ball-bearings, that most basic of engineering products, is still locked deep into recession. "In fact, this market is continuing to deteriorate," says Mr Morris.

To add to the confusion, passenger volumes on British Airways London to Edinburgh shuttle – a decent indicator of UK business activity, you would think – remained strong throughout 1990 and fell only after the onset of the war. Nor did consumption of breakfasts on the 7.45 Manchester-to-Euston express reflect the harder times of the autumn or winter. British Rail's catering service saya breakfast sales volumes have risen sharply in recent months – perhaps because discussions of redundancy and lost orders cannot, even in the direst times, be started on an empty stomach.

It may be too that a sharp npward curve in executive leaving do's in the City accounts for a surge in champagne sales at Balls Brothers' Liverpool Street wine bar. Richard Balls, the managing director, says, however, that the increased consumption was of lower quality hnbbly. "Higher quality champagne is to be savoured, not slurped, anyway," he adds.

Who knows whether any of this should make forecasters more, rather than less confident about their current projections. Perhaps all that can be said is that the point at which enough people start to believe in their hunches that things won't get worse is, in any recession, the point at which the mysterious chemistry of a recovery in confidence starts to work. Or, as the managing director of a prominent North London estate agent commented, "recent press reports of rising confidence may be foolhardy ... but for our business they can do no harm."

MAN IN THE NEWS

Brian Pearse

Brave all-rounder steps in to referee at Midland

By David Lascelles

If there were ever a poll to find the toughest job in British banking, it is obvious which one would head the list: being boss of the Midland Bank, the UK clearer whose propensity for trouble has reached almost heroic proportions.

This may explain why Brian Pearse was being described this week as an exceptionally brave man. He agreed to take the job just as Midland plumbed new depths by announcing the first clearing bank dividend cut since the Great Depressiou of the 1930s. Not only that, he left a successful career at Barclays Bank where he was looking forward to retiring a couple of years early to do something different – like running some good cause.

It was not an easy decision, he confesses. His first reaction on being approached in deepest secrecy by the Bank of England was one of surprise and shock, partly because it was totally unexpected, partly because it is simply not done for top clearing bankers to switch to the opposition. He and his wife Pat thought about it hard for five days but then, he says: "An ego trip took over. I thought: 'This is a challenge!'"

Cultural affinity is important to Pearse – as it is to many bankers. "I spent a lot of time trying to be absolutely certain that I would fit in." He was particularly encouraged by the fact that Midland is a bank with its roots in the centre and north of England. He himself was born and educated in Liverpool, and his early banking years were spent in that city, as well as in Leeds, Sheffield and Birmingham.

Those who know Pearse well are not at all surprised that he agreed. His rotundity might suggest a desk-bound bureaucrat. But it belies a man of considerable dynamism. Similarly, his voluble manner could be mistaken for a person who rather likes the sound of his own voice. But Pearse is one of the most experienced and perceptive clearing bankers around. He might even have made it to the top of Barclays if the cards had fallen right for him. The Midland job at last gives him a chance to run his own show.

Few people doubt that he is an excellent choice. At a hastily-convened farewell party at Barclays on Thursday night, he was presented with a T-shirt quoting one analyst's reaction: "The City likea Pearse!" in fact, Midland needed his services so urgently that he started straight away. He retired from Barclays on Monday night and became a Midland director on Tuesday morning. He was already occupying his new office in Midland's fine Lutyens-designed City headquarters hy the end of the week. The change was so abrupt that he vowed to put £1 in a charity box for every time he referred to Barclays as "we".

Brian Pearse is a clearing banker through and through. He has been in the business 41 years and at the age of 57 has performed just about every job in the bank, from scratching away in ledgers as a branch clerk, to heading Barclays' US operations and, most recently, managing its huge £135bn balance sheet.

In fact, it was his close identification with the clearing bank culture that recommended him for the job at Midland, where the sbortage of clearing bank skills in the top echelons has obviously weakened management and created a gulf between executives and the rank and file. One of the few things he was prepared to say about his plans for Midland Bank this week was: "My task is to let people down in the branches know that I'm one of them. I've been a junior and a branch manager. I know what it's like."

Pearse will certainly have to organise and inspire at Midland. Although the outgoing chairman, Sir Kit McMahon, toiled hard and long to turn the bank round, the collapse of his plans for a merger with Hongkong and Shanghai Bank last year has left Midland with a strategy void. The staff are weary of bad news.

But Pearse is said to have the necessary skills. His former colleagues at Barclays speak of his ability to grasp issues and motivate. As for taking command, he must have picked up some useful experience as a younger man when he used to referee rugby games.

Pearse arrives at Midland with few illusions either about the banking industry itself or the scale of Midland's problems. "The fact that you happen to he a bank doesn't guarantee yoo a future," he says, deliberately distancing himself from the complacent attitudes for which his industry is famous. "The whole world has changed. It's very difficult now for banks to find a means to add value in a way that customers appreciate."

There used to be something special about banks. But not any more, because a whole variety of companies such as car manufacturers and Marks & Spencer is now in the banking business. However, he will not go so far as some people and agree that banks themselves may have outlived their usefulness.

"It's tempting to think that we don't need banks. But someone has to fulfil that function. In tha end you can't carry all your wealth around with you. People want something that will act as a store of value. What you need is a name that has respect. There is a role for banks, but they may look different."

But having said that ha agrees that there are simply too many banks. "If banks are going to survive, there has to be a drastic reduction in costs. Technology has to take the place of people. Branches will have to be streamlined so that they can sell more products from the same floor space."

He sees banking being divided into operations which can deliver services with machinery (cheqnes, cash, money transmission), and those for which you need people (banking for corporate customers, and the more detailed services for individuals, such as mortgages or investments). He has not yet made up his mind whether banks should be involved in other areas, such as life insurance, but he can see the logic in it because it is a form of savings, and banks have the branches to sell insurance policies.

As for Midland, he sees it differing little from other clearing banks in this regard. In some respects, it is even beginning to show eucouraging signs: it is making progress in bringing down its costs, and it has introduced some innovations, like Firstdirect, the bank-by-'phone service. But he says: "Midland has run into difficult times because of mistakes from the past."

One of his first jobs may well be to move Midland out of the Lutyens huilding. Midland can no longer afford to occupy it, and it has been on the market for some months. But disheartening though that it would be, it would also mark the break with the past that Midland needs if it is really to make a new beginning.

Kuwaitis are bitter after Iraq's occupation, says **Victor Mallet**

The pains of liberation

It will take more than the imminent restoration of electricity and water supplies to heal the scars of the seven-month Iraqi occupation of Kuwait. It will take more than the start of reconstruction to resolve an increasingly acrimonious debate over Kuwait's political future.

Members of the ruling al-Sabah family – but not Sheikh Jaber, the reclusive emir, who chooses to remain in safety in Saudi Arabia – have slowly returned from exile to a curiously mixed reception.

Cars and walls are plastered with flags and pictures of Sheikh Jaber and Sheikh Saad, the crown prince. But many Kuwaitis who endured the Iraqi occupation are determined to confine the domineering al-Sabah to a constitutional monarchy. They want a democratic parliament and a government without the al-Sabah ministers who hold all the key cabinet posts and who so signally failed to protect the country from the Iraqi invasion last August.

Kuwaitis accept that their political aims will have to wait until basic services are restored, but even the early stages of the government's emergency relief programme have aroused resentment.

Sheikh Saad, who is prime minister and military governor for the duration of martial law, insists that food has already been distributed to 95 per cent of the country's co-operatives. The residents of Kuwait City say this is nonsense, and the fact that the government has failed to achieve anything so far after seven months in which it could have prepared makes them particularly angry.

"It took them two minutes to leave and a long time to come back," said Jamila, one of the young women who lived in Kuwait under Iraqi rule. Nasser, a civil engineer, said yesterday: "The government is not doing anything so far. I think they don't know how to start."

Such problems will eventually be resolved, but the political arguments will be more enduring. The al-Sabah have promised to restore the parliament they suspended in 1986, but they are vague about the timing of new elections and evidently reluctant to release their grip on political power. Sheikh Saad said on Thursday that the government would not hesitate to extend martial law beyond the current period of three months if necessary.

Opposition to the al-Sabah has been sharpened by the Iraqi invasion, but many grievances are longstanding. Petroleum revenues have given the al-Sabah a financial independence from the merchant community which they never enjoyed until the discovery of oil. As in all the Gulf states, increasingly numerous and sometimes arrogant princelings dabble in business and further reduce the pickings for the old merchant families.

Free Kuwait: but will Kuwaitis enjoy real freedom?

Above all, the al-Sabah take ministerial positions because they are al-Sabah rather than because they are qualified for the jobs. Sheikh Nawaf, the defence minister, and Sheikh Salem, the interior minister, have both been sharply criticised for their failure to predict or to oppose the Iraqi invasion.

"In the parliament you must question the government," said Nasser, the civil engineer, who like many Kuwaitis interviewed is reluctant to be identified by his last name. "But if the crown prince is the prime minister then you are questioning the future emir. You need a separation of powers."

Some Kuwaitis have even called for al-Sabah ministers to be put on trial for incompetence. "The Kuwaiti people will not be tolerant with their leadership like before," said one moderate member of the Moslem Brotherhood.

Government ministers admit there is tension between Kuwaitis who fled and those who stayed. "The first encounter is a head-on clash," said Mr Suleiman Mutawa, the planning minister. "They say, 'Where the hell have you been, why did you leave us? You ran away.'"

The differences between Kowaitis should not be exaggerated. Most families had some members inside the country and some outside, and the country has a long tradition of political tolerance unsurpassed in the Gulf.

The opposition is largely a middle class phenomenon. It is also fragmented, although various groups, including liberal democrats, Nasserites, and Sunni and Shia Moslems, were trying to form a united front to ensure the restoration of parliament when the ground war began.

The one subject upon which all Kuwaitis seem to agree is the future make-up of the population. Before the Iraqi invasion, only 40 per cent of the 2m people living in the country were Kuwaitis. The rest were Palestinians, numbering about 300,000, other Arabs, including 60,000 Iraqis, and hundreds of thousands of migrant Asian labourers.

Kuwaitis are not accustomed to performing menial tasks, and they will still require Asian and Egyptian migrants in spite of the new-found self-reliance of those who suffered under the Iraqis. But they agree that at least half the inhabitants of the country should in future be Kuwaitis. "We haven't yet set a target for the size of the population, but it is not going to be 2m," said Mr Mutawa.

Palestinians have already become the victims of xenophobia. Eyewitnesses have seen some of them being beaten up at Kuwaiti police stations, and there are unconfirmed reports that a number have been killed on suspicion of having collaborated with the Iraqis.

In the heat of the moment, some Kuwaitis are calling for the expulsion of all Palestinians. "There were Palestinians at the checkpoints, just insulting the Kuwaitis," said Dr Jaffar Mohammed, chief of preventive medicine at the Ministry of Health. "As a Kuwaiti I think Sudan, Algeria, Jordan and Iraq have plenty of room for them."

Palestinians – and there are many who helped the Kuwaiti resistance – rue the day that the Palestine Liberation Organisation threw in its lot with President Saddam Hussein. "Forget Palestine, because Saddam Hussein has defeated it, killed it," said Tariq, a Palestinian firefighter at the Mina al-Ahmadi refinery. "All the Arab countries now will recognise Israel."

Palestinians fervently hope that Kuwait will distinguish between those who collaborated and those who did not. The first signs are not propitious – Palestinian residents seized from Kuwait by the Iraqis and jailed in Iraq are being refused entry by the Kuwaiti army – but tempers may cool in the days ahead.

Indeed, one of the Kuwaiti government's principal justifications for the imposition of martial law is the need to prevent anti-Palestinian pogroms. But if the al-Sabah use their military powers to impose their will on a Kuwaiti population steeled by months of hardship and torture at the hands of Iraqi troops, they may face a more serious rebellion than the genteel pro-democracy demonstrations which marked the months before the invasion last year.

Kuwaitis know that they are more advanced than the rest of the Arab world on the road to democracy, but they are not planning to wait for their Arab neighbours to catch up. "Kuwait will no longer be run like a private ranch," said one Islamic activist. "It will be run like a serious country, and we will do whatever it takes."

Joe Rogaly

Major must run the gauntlet

Now we will see what Mr John Major is made of. There is no tougher test for a political leader than the need to make a decision that is certain to upset many of his followers and alienate some of the voters. It is harder still if the decision has to be taken in something of a hurry, and most painful of all if everything has to be done while the public is watching, transfixed. During the next week or so the prime minister has to make just such a decision on the poll tax.

He is aware of this. He knows that he cannot shilly-shally. During the Gulf war he was excused criticism of his domestic performance. The war is over. This week he has been off to see Mr Mikhail Gorbachev, a trip he considered postponing. Now he is home, with one burning topic on his desk. There is no way around it. It was something of an embarrassment that the government could give no indication of its thinking on the poll tax at last week's conference of Conservative local councillors; it will be a humiliation if neither the prime minister nor Mr Michael Heseltine, the environment secretary, has anything at all to say about the subject at the meeting of the Conservative central council in a fortnight's time. Mr Heseltine's insistence yesterday that the first results of the review will be announced in April is mere playing for time.

The pressure on the prime minister will be more intense now that we know the outcome of Thursday's by-election in Ribble Valley. There is an exquisite clarity to the result. Never mind the Liberal Democrats' victory – we can consider that in a moment. The important point is that the Conservative vote was nearly halved and every deserter blamed the poll tax.

No other conclusion can be drawn. Just five months ago the Tories lost Eastbourne, another supposedly blue-chip seat, also to the Liberal Democrats. At that time Mrs Margaret Thatcher was still prime minister and the national opinion polls put Labour well ahead. The economic outlook was gloomy. The Tory candidate was not a personal vote winner. In Ribble Valley the candidate was OK, and the Thatcher factor was entirely absent. Mr Major is the most popular prime minister recent polls can remember. Rightly or wrongly, the economic outlook is perceived to be less awful than it was during the depths of the winter. Even mortgage rates have started to come down. All this is having an affect. As yesterday's Gallup poll in the Daily Telegraph suggests, the Conservative lead over Labour is increasing.

Thus the poll tax is convincingly isolated as the cause of the loss of Ribble Valley. It is also shown to be a matter upon which the prime minister must himself make the decision. He cannot leave it to Mr Heseltine. It is too important, too central to contemporary politics. It is a running sore within the Conservative party. Backbenchers are divided among themselves; those with marginal seats are demoralised. The cabinet, that band of happy eaters, is all over the place, awaiting directions from their little chef.

If the PM does nothing about the poll tax he is sunk. If he retains it but piles on further bribes to alleviate its effects he will soon be rumbled

Mr Major can reasonably argue that it has been necessary to let the debate proceed, so that his team may feel that every possibility has been examined. If there is to be a U-turn people have to be jollied along. That will do for his first 100 days. They are now over. The protestation that local government finance is a complicated matter requiring prolonged study would be a poor excuse for inaction during the coming weeks. All the facts are known. Most of the possibilities have been repeatedly analysed for a decade and more. The computers are overloaded with data. Name a change in the system, and a print-out showing who will gain and who will lose will soon be produced. What is required is a political decision.

This will be difficult. Mr Major's thought processes are said to be intensely political, so what is he to do? He has received a great many letters asking him to retain the community charge. Presumably the bulk of those are from right-wingers. The force of their desire to retain Mrs Thatcher's flagship, or a reasonable semblance of it, will have been reduced by the message from Ribble Valley. Scottish Conservatives, addressed by the prime minister yesterday, seem to fear the upheaval of a return to the rates more than sticking with the poll tax. The prime minister is said to harbour the fantasy that when the general election comes the Tories will snatch perhaps 10 seats from Labour in Scotland; he should not base too much of his strategy on such fragile hopes.

There is also the matter of Mr Heseltine. His campaign for the party leadership was boosted by a promise that he would draw the poison of the community charge. When Mr Major won, it seemed apposite to put his erstwhile rival on the spot by setting him the task of making good his boast. The section of the party that cannot forgive Mr Heseltine for challenging Mrs Thatcher now takes perverse pleasure in spreading the news of his apparent failure to get an agreed scheme through. But the environment secretary has been as good as gold. He puts up papers, and argues for them, yet insists that it must be a cabinet decision. With ministers divided, that means it must be Mr Major's.

The upshot is that the prime minister may have to risk something he does not like and has not hitherto had to face: disapprobation. If he does nothing about the poll tax he is sunk. If he retains it but piles on further bribes to alleviate its effects he will soon be rumbled. If he returns to the rates there will be squeals of disapproval from many in his own party. If he fiddles with a Heseltine-designed hybrid, like a property tax based on the number of bedrooms plus a nominal head tax the opposition will make mincemeat of the proposals. Some have wondered whether he could sweat it out and go to the polls on a manifesto offering a generalised promise to put something more palatable in the place of the community charge. Ribble Valley must surely have put paid to that idea. In short, there is no free exit from this trap.

I do not know how much pain this causes the collegiate Mr Major. We have not yet seen him up against such an apparently insoluble problem. So far he has left most decisions to his ministers. For example, the scheme to promote the opting out of schools from local authority management owes more to the education secretary than to the prime minister. With Mrs Thatcher it would have been the other way around. But this emollient pragmatism has its limitations: some of those who whooped with joy at the departure of the former prime minister now ask when the present one will give the government team a sense of cohesion. The opportunity society seems to mean the opportunity for each minister to peddle his department's own pet ideas. It is too soon in his period of office to do more than pass these musings along. It would be unfair to endorse them. The prime minister may show excellent peacetime leadership qualities, to match his Gulf war performance. We will see. First let him go into the arena with the poll tax.

* * *

The Liberal Democrats' victory at Ribble Valley makes them more than ever the joker in the political pack. It might add momentum to their millimetre by millimetre rise in the polls , now at 13 per cent following the confident TV appearances of their leader, Mr Paddy Ashdown, during the Gulf war. Mr Ashdown has fashioned a respectable party out of the ashes of the former Alliance. He may have begun to make a permanent dent of three or four points in the Labour party's potential vote. That would guarantee a Tory victory in the next election – unless Mr Major made the uncharacteristic mistake of veering back to the right in his manifesto. If he did, a few soft Conservatives might peel off to the Liberal Democrats.

This is why in their own small way they hold the key. They keep the two larger parties honest. Their own day may come quite soon – if there is a June election in spite of Ribble Valley, and if Labour loses for the fourth time in a row.

LETTERS

Numbers add up for a national lottery

From Dr B.S. Freeman.

Sir, Neil Buckley's article "Lottery supporters in pursuit of a national prize" (February 23/24) on the potential support for legislation to permit a national lottery in the UK reflects the latest in a series of attempts to get this hare up and running. Were it not for the political dominance of the UK football pool lobby the task might be much easier.

There is abundant evidence in Europe, Australia and elsewhere of the soundness of the findings of the 1978 Royal Commission on Gambling which recommended Lotto as the most suitable vehicle for a national lottery. The Commission concluded that "... The lottery system should be based on Lotto as in France and West Germany, because of its efficiency, security, popular appeal and low running costs".

Lotto, initiated in Italy in the 15th century and bearing no resemblance to bingo, as widely imagined in the UK, lends itself completely to modern data processing technology. This technology has achieved a high degree of sophistication and security in Germany. It is far more secure than the "scratch off" game.

The German Lottoblock system, where a number of state companies use one television draw, has obvious relevance to the UK. Even in the depression year of 1983 the amount staked on all forms of Lotto in north-west Germany alone exceeded DM1,470m (£505.10m at current exchange rates); DM736m was distributed in prizes and the state received DM604m. In 1985 the Australian Lottoblock (Victoria, South Australia, Queensland and Western Australia) recorded stakes of A$11m (£4.4m at current exchange rates) per week; in the case of Victoria this was achieved at an expense ratio of 4.7 per cent. Similarly large sums could be raised for specific purposes in the UK.

Numbers Lotto, as an entertainment, has a much more general public appeal than either football or racing. Moreover, the important element in Lotto publicity, the television draw, is independent of weather conditions, takes only five minutes, attracts a large television audience, and tells viewers immediately if they have won or lost. Also, the small shopkeeper benefits as the hundreds of thousands of small prizes are paid out in the shop where tickets have been handed in with payment.

The question to be answered is what impact a national lottery based on Lotto would have on revenues to the Exchequer from football pools and racing, but Lotto is unlikely to be as great a threat as may be represented by those interested in blocking a national lottery.

Dr B.S. Freeman,
Bath, Avon

Inflation points for pay talks

From Mr Norman Cumming.

Sir, The UK inflation rate consistent with a fixed D-Mark value for sterling is even lower – and so less plausible – than Samuel Brittan thinks ("The collapse of UK inflation", February 28). Just as in the UK, consumer price inflation in Germany is higher than that for producer prices (traded goods). The gap averages about 0.5 percentage points a year in Germany. In the UK it has averaged 0.9 of a point in the last 10 years, and only 0.1 of a point over the last 20 years.

British wage bargainers need to think in terms of domestic inflation of no more than 3 per cent if the DM2.95 parity is to hold.

Norman Cumming,
76 Lofting Road, N1

Mango swamps

From Mr Rory Cunningham.

Sir, I have travelled quite extensively in Thailand but have never come across any "mango swamps" mentioned in "Thais face a rising tide of pollution" (February 12).

Thai cuisine has, I understand, become fashionable in the UK. Perhaps we can look forward to a recipe for "mangrove" chutney in the near future?

Rory Cunningham,
Althorpe Road, Harrow

Stratford's Trusthouse Forte hotels

From Mr Richard Power.

I was surprised to read that Nigel Spivey considered that Trusthouse Forte "exercised ... a virtual monopoly on hotel accommodation" in Stratford ("Stratford, the nice way", March 2/3).

In fact, the tourist board and motoring organisations list more than 1,175 hotel rooms in Stratford, of which Trusthouse Forte owns 280.

This is hardly a monopoly. Indeed, we are not even the largest operator in the town.

Perhaps our hotels are simply more noticeable than those of our competitors because of the quality of our marketing and the choice of styles which our properties offer.

Or perhaps, as every important hotel award and survey in 1990 recognised, they are simply the first choice for most customers.

Richard Power,
director of corporate communications,
Trusthouse Forte,
166 High Holborn, WC1

When a £1 premium bond is too expensive

From Mr W.M. Craig.

Sir, Michael Thompson-Noel, in the last paragraph of "Hawks & Handsaws" (March 2/3), suggests that a correspondent who has reaped nothing from holding a £1 premium bond for a quarter of a century, should "splash out" on another.

It must be pointed out to this columnist of a financial newspaper that "splashing out" nowadays to join the rich man's gamble involves an outlay of £100 in order to lay hands on a premium bond.

No longer can the man in the street put down £1 and hope for a great return.

It would be worth investigating how the original spirit behind the premium bonds may have been broken.

W.M. Craig,
2 South Wing,
Coker Court,
East Coker,
Yeovil

Attractions of working under Japanese managers

From Mr Geoffrey Broad.

Sir, Barbara Durr's article "Plagued by cultural gaps", February 22) highlighted the frictions between shop-floor workers and Japanese staff in Japanese transplants in the US. My research in both the UK and the US in Japanese subsidiary companies suggests that the Japanese influence can also be a positive one in the eyes of a majority of factory workers.

Given a choice between Japanese management and local staff, shop-floor workers express higher levels of satisfaction with Japanese modes even in highly disciplined contexts.

Part of the explanation is that Japanese managers – often unconsciously – reduce the status gap between line workers through their normal daily interactions and evoke a sense of dignity, fairness of treatment and worth in manual occupations, irrespective of job grade.

This includes a higher propensity by Japanese managers to share information and knowledge on technical and other matters, in spite of difficulties with language and custom and practice.

Cross-national comparisons point to variability of experiences reflecting local management styles, the propensity of Japanese executives to involve local staff at all levels and a willingness on both sides to accommodate and experiment with new approaches.

There are implications here for both the pace and timing of localisation policies for Japanese companies abroad.

Geoffrey Broad,
lecturer in Japanese studies,
University of Salford, Salford

Timetable exists for sleeper trains

From Mr John Palmer.

Sir, Your article stated (March 4) that no agreement with our European railway partners exists about what type of sleeper train we should build to run through the Channel Tunnel.

The Belgians, the Dutch, the French, the Germans and ourselves have a clear agreement which forms the specification to which leading European railway equipment manufacturers are currently preparing their tenders.

The receipt of these tenders after Easter will allow us, the five railways, to finalise our commercial agreement for running the service and to place the order.

When these services will start depends on when the manufacturers can deliver the vehicles. They will be high quality but do not involve the complexities of very high speed technology. It is our aim to start sleeper services for the Channel Tunnel in 1993.

The possible option to modify existing BR sleepers for the this service was ruled out at an early stage.

John Palmer,
managing director,
Channel Tunnel,
British Railways Board,
Waterloo Station, SE1

Bottom line for the Opera Ballet

From members of the Royal Opera Ballet Company.

Sir, David Murray's perceptive review of the current revival of "Samson et Dalila" at the Royal Opera House in Covent Garden ("Samson with a clarion ring", February 23) found its way to the notice board in the male dancers' dressing-room the following Monday.

We think we detect a complimentary reference of an anatomical nature in the opening paragraph – albeit in parenthesis.

However, we are, to a man, somewhat undone at the distinction he appears to draw between the *embonpoint* of our assorted buttocks.

His remarks are potentially damaging to our morale, at present riding high, and this has given rise to a situation in which we feel unable to turn the other cheek.

We are often reminded that the Royal Opera House is a centre of excellence and we are proud to continue the tradition in this area of our work, fundamental as it is to the success of this exciting revival of Saint-Saens' opera.

Members of the Royal Opera Ballet Company,
Royal Opera House,
Covent Garden, WC2

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set the fax machine for fine resolution.

Otto and Sears exchange salvoes

By John Thornhill

A BIDDING war erupted yesterday for control of Next's Grattan mail-order business as first Otto Versand, the German mail-order group, raised its recommended bid to £151m and then Sears, the UK retailing company, pitched in with a £155m counter-offer.

At the end of the day, Next's board was still urging shareholders to accept the revised Otto bid, arguing that the commercial benefits of the deal outweighed the £4m difference in cash.

Next, the fashion retailer, said the future viability of its Next Directory catalogue shopping business was dependent on continuing trading links with the Grattan operation.

"Otto will operate in partnership witb Naxt and develop both their businesses, whereas Sears is a competitor," Next said last night.

But Mr Geoffrey Maitland Smitb, Sears' cbairman, fiercely criticised the attitude of the Next board.

He said it was "absurd" to suggest that Otto'a offer was qualitatively better and argued tbat Sears had discussed all the elements of continuing service contracts with Next *"ad nauseam"*. "We gave them cast-iron undertakings," he said.

He also nrged Next to adjourn the extraordinary general meeting which it had called for Wednesday to give shareholders tima to consider properly the competing offers for Grattan.

Next's shareholders do not have long to act. The proxy votes for the meeting have to be received by the registrars at Worthing, Sussex, by noon on Monday. "And Monday is too late to go to the seaside," Mr Maitland Smith complained.

Next's ahareholders have now received four bids for Grattan and the permutations are complicated by the need for Otto's bid to be considered by the European Commission.

If Next's shareholders accept Otto's £151m bid on Wednesday then Sears will lapse its higher offer. But if the Commission does not clear Otto's bid before Marcb 26 tben Otto will rescind it allowing Next's shareholders to accept Sears' lower bid of £150m, whicb runs until Marcb 28.

Next is being advised by Lazard Bothers, Otto Versand by Hambros, and Sears by Barclays de Zoete Wedd.

● Mr Horst Hansen, Otto'a financial officer who was in London yesterday morning, said he did not expect Otto's bid to encounter problems with the European Commission as tbe acquisition of Grattan would give the German company only 13 per cent of the UK mail-order market.

He said Otto had long been interested in expanding in the UK but had previously been deterred by tbe price.

"Otto has been focusing on the UK market for a long time but it bas been a closed sbop. We would have had to have paid a buge amount to take over one of the bigger players."

He said Otto had considered making an approacb for Grattan in 1986 but had lost out to Next whicb paid about £300m for the business.

Mr Hansen said: "We can promote Grattan by focusing on niche businesses as we do in Germany."

And be added that Otto had taken a 9.9 per cent stake in Next to forge a trading relationship. "We are demonstrating with our sharebolding that there is a real commitment to be partners," be said.

See Lex

Alliance & Leicester moves up to third place

By David Barchard

ALLIANCE & LEICESTER Building Society has become the third largest UK building society by asset size, overtaking the Woolwich. During 1990 its total assets grew by 36 per cent to £18.4bn.

Pre-tax profits rose by 18 per cent to £198.6m for the year to the end of December, against £168m. As widely expected the society revealed that bad debts forced it to make unusnally beavy provisions against losses.

Total provisions were £53m, of which the largest item was £33m on doubtful commercial debts with £14m on its residential mortgage lending book. There was also a provision of £6m on unsecured lending. In addition, the society wrote off about £10m in bad debts.

During tbe year Girobank was bought from the Post Office for a net cost of £73m. Girobank's total assets rose from £2.2bn to £2.4bn during the year and it made a contribotion of £13.5m to group profits in the July to December period.

Mortgage lending grew to £3.31bn (£1.76bn), giving tbe group a total mortgage book of £13.4bn.

Retail savings were up by 26 per cent to £12.23bn.

● Several societies have suffered a drop in profits during 1990 according to figures published by the Mortgage Finance Gazette, the monthly journal of the Council of Mortgage Lenders. They appear to have been hit by the market downturn.

Out of 33 small and medium-sized societies publishing their results in tbe Gazette, 11 reported a fall. They included *Town & Country*, the number 19 society by size, and Britannia, the ninth largest.

Town & Country's pre-tax profits tumbled from £23.02m to £12.16m after making provisions of £11.6m, mostly against bad mortgage debt. Britannia's profits fell less sharply, from £52.46m to £47.22m.

Other societiea reporting reduced profits included Bexhill-on-Sea, Century, Chelsea, City & Metropolitan, Hinckley & Rugby, Norwicb & Peterborough, Stroud & Swindon and West Cumbria.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Braime (TF&JH) ......fin	5.5	Apr 29	5.5	7.25	7.5
Doeflex ....fin	2.7	May 20	2.7	4.02	4.02
Independent News ...fin	a.5♣	-	a	13	12
Mediterr'an Fund .....fin	1♠	May 3	-	1	-
Perry Group ....fin	6.25	July 2	6.25	9	9

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ♣Irish currency. ♠US dollars.

Arlington Securities plunges to losses of £19m

By Vanessa Houlder, Property Correspondent

ARLINGTON SECURITIES, the property development arm of British Aerospace, yesterday announced a pre-tax loss of £18.99m for 1990, compared with a £30.56m profit the previous year.

Mr Raymond Mould, chairman, said that the loss was dne to a positive decision not "to sell tbe family silver" in a depressed market.

"In my view, because of Arlington's unique relationship with BAe, these results are incidental to tbe main theme which is laying tbe groundwork for wbat will eventually be one of the largest property development companies in Europe," he said.

Mr Mould said that British Aerospace's commitment to Arlington's policy was shown by tbe injection of £75m of equity to allow Arlington to proceed witb its expansion plans in Europe and to take maximum advantage of the distressed UK market.

Turnover fell from £145.04m to £46.21m. Aggregate investment income was £10.5m. Losses per share amounted to 17p compared with earnings of 23.54p.

The net asset value increased from 174.7p to 182p.

Dunton and Holywell agree rescue takeover

DUNTON GROUP, the USM-quoted property and brick making company, has agreed a rescue reverse takeover with Holywell Property, a private property company owned by Mr Oliver Travers and his son Mr Clive Travers. Both groups are based in Chesham, Buckinghamshire, writes Maggie Urry.

Dunton's sbaras ware suspended at 9¼p yesterday, and will stay frozen until after shareholders vote on tha deal at a meeting on Marcb 25.

Mr Alan Sore, Dunton chairman, said "the future of the group depends entirely upon the completion of the acquisition". Dunton has borrowings of £6.5m and contingent liabilities of £1.2m. Pre-tax losses were £2.8m in the half year to November (profit £366,000) after providing £2.1m mainly against its freehold properties.

The deal would provide Dunton with additional assets to secure its borrowings on, thus obtaining tbe continued support of the group's bankers.

Under the deal, Dunton will issue 27.3m shares to the Travers family, representing a purchase price of £1.6m equivalent to Holywell's net asset valua at December 31. The Travers family will have 57.2 per cent of the enlarged capital of Dunton.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1990/91 High	1990/91 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P	-	120	102	East German Inv. Tst.	118		-	-	-	-
§100	F.P	-	95	58	‡Eidos 10p	63		-	-	-	-
75	F.P.	-	75	65	Etonbrook Props.	67		-	-	-	-
-	F.P.	-	18	14	‡Europe Energy 5p	14		-	-	-	-
-	F.P.	-	4025	3475	Eurotunnel Fndr Wrrnts	3925	-38	-	-	-	-
-	F.P.	-	145	90	JF Pacific (New Wrrnts)	145	+5	-	-	-	-
-	F.P.	-	7½	6	MMI Warrants	7½	+½	-	-	-	-
50	F.P.	-	45	43	Trio Inv. Trust	44		-	-	-	-
-	F.P	-	9	6	Do. Warrants	7		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1990/91 High	1990/91 Low	Stock	Closing Price £	+ or -
-	-	-	86	68	Brent Walker Capital 13pc Cv Cap Bd	83	
100p	F.P.	-	111p	105p	Br. Land (Jersey) 8¾pc Cv Cap.Bds. 2011	110p	-1
100p	F.P.	-	113p	93p	Evered 7.25p (Net) Cnv. Red. Prf.	113p	+2
‡	P/P	29/11	38p	30p	‡Greenacre Group Cv. Rd. Prf. 70p	30p	
35	-	-	35½	29½	Growood Securities 8pc Cv Ln 2000	34½	-1
100p	F.P.	-	99p	80p	Lilleshall 9pc Cv. Rd. Prf. £1	99p	+2
100p	F.P	-	107p	96p	ITT Group 10⅞pc Cnv. Red. Prf. 1997	106p	
100p	F.P.	-	137p	97p	Worcester Cnv Rd Cv Pf	137p	+7

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1990/91 High	1990/91 Low	Stock	Closing Price p	+ or -
5	Nil	22/4	3pm	2pm	Alpine Group 2½p	2½pm	
44	Nil	-	9½pm	6pm	Baynes (Charles) 10p	9½pm	
15	Nil	9/3	2pm	½pm	‡Europe Energy 5p	½pm	
10	Nil	-	3pm	2pm	‡Lilis Homes Gdn 5p	2pm	-1
245	Nil	-	45pm	37pm	Heywood Williams	37pm	-4
12½	Nil	11/3	1¼pm	1¼pm	[illegible]	1¼pm	
50	Nil	19/4	20pm	12pm	Resort Hotels 50p	16pm	
32	Nil	-	18pm	12pm	Wickes	18pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". ‡ Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

● First Dealings March 4
● Last Dealings March 15
● Last Declarations June 13
● For settlement June 24

For rate indications see end of London Share Service

Calls in SET, Bridgend, Christies Intl., Chrysalis, Cityvision, Dares Ests., Expedier Leis., Ferranti, Gaelic Res., Lon. Fin. Inv., Manganese Bronze, Midland Bank, ML Labs, NSM, Oliver Res., Owners Abroad, Premier Cons. and Saatchi. Puts in Maxwell Comms. and Next. Puts and calls in Ferranti and London Securities.

Tony Andrews

Mr Brian Pearse, who was appointed this week as the new group chief executive of the Midland Bank after it announced poor results and halved its dividend. He and Sir Peter Walters, the former BP chairman, will jointly succeed Sir Kit McMahon, Midland's executive chairman, who will retire early in June. Mr Pearse, 57, began at Midland on Wednesday, only 24 hours after retiring as finance director from Barclays. He is seen here at Midland's City headquarters yesterday.

See *Man in the News* Page 6

Aitch incurs £0.78m loss

AITCH HOLDINGS, wblcb supplies clothing to retailers and mail-order companies such as Burton, Freemans and Littlewoods, reported a pre-tax loss of £782,000 for the year to November 30, writes Clare Pearson.

Operating profits were up at £1.73m (£1.05m) but net interest payable rose to £1.7m (£1.4m). There was also an exceptional debit of £818,000 (credit £442,000) for the reorganisation of Ben Sberman, tbe shirts business acquired when Aitcb reversed into Munton group in 1989.

The results inclnded those of Gottfried & Paul, the mid-priced ladies' knitwear company acquired for £430,000 in shares in December. Tha 1989 figures were also restated.

G&P made a loss in 1989, cutting tha comparable pre-tax profit to £92,000.

In 1990, G&P put profits of £206,000 onto tba pre-tax line and added about £4m to group turnover of £43.71m (£40.13m).

In January, Aitch announced it was closing Texabond, its Stoke-on-Trent knitwear factory, with the loss of 150 jobs. That closure was included in a £1.54m (£66,000) extraordinary debit in the 1990 figures.

The loss per share was 1.4p (earnings 1p). There is no dividend for the year.

Westbury provides £13m against land and house prices

By Andrew Taylor, Construction Correspondent

WESTBURY, the Cheltenham based housebuilder, yesterday warned that it had incurred a loss for its fiscal year ended February, after making provisions of £12.75m to cover falling land and house prices on some of its sites.

Tha ahare prica fell from 200p to 185p following the announcement. The group said it would considar what the final dividend would be when tbe full results were announced in May.

According to the group, full year pre-tax profits, even before the provisions, would have been unlikely to be much more than the £5.1m made in the first half. The interim dividend was held at 3.25p – the previous final was 5.75p.

In the year 1989-90 Westbury made a a pre-tax profit of £28.11m, against £36.1m the year before.

The fall in profits had occurred despite selling 2,500 bomes last year, almost 250 more than in the previous year. Prices and margins had continued to come under pressure. Trading conditions had been particularly adverse in the second half.

The group said the provisions did not take account of increases in the value of some of its other sites. Borrowings at the end of February stood at £56m, compared with sharebolders funds of more than £90m after the writedown in land values.

Yesterday's announcement follows a string of poor results from medium and small sized bousebuilders. Ben Bailey, the Yorkshire based company, on Thursday announced it was cutting its interim dividend from 0.5p to 0.3p after halftime pre-tax profits fell from £1.06m to £825,000.

Wimpey, Britain's second largest housebuilder, is expected to reveal another large fall in profits when it announces its annual results on Tuesday.

Norfolk House shares dive 82p

By Maggie Urry

SHARES OF Norfolk House, the petrol retailer and roadside property developer, dived 82p yesterday following a warning from the company that its results for the 14 months to end-November would be "materially below current expectations."

At the closing price of 60p, Norfolk House is valued at £22.1m.

The group, headed by Mr Thomas Harrison, said another announcement would be made as soon as possible, but no other elaboration was forthcoming.

Market forecasts for pre-tax profits had already been cut before Christmas from around £17m to £13m, compared to £8.7m in the year to end-September 1989. Analysts said that without more information from the company it was impossible to make forecasts.

They speculated that Norfolk House might have uncovered problems at Frost Group, a petrol retailer it acquired for £60m last summer, or that a property deal might have gone wrong.

Norfolk House had a high-flying career on the stock market. Its shares came to the USM three years ago at 100p and reached the equivalent of 260p in September 1989.

Norfolk House was acquisitive. A year ago it raised £20.8m through a rights issue at 190p and, following the purchase of Frost, raised £40m through selling some sites and petrol stations.

Perrys hit by new car sales fall

By Jane Fuller

A SHARP fall in profit from new car sales and losses on contract hire was behind a 17 per cent fall in pre-tax profit for 1990 at Perry Group, Hertford-based motor trader.

The taxable figure fell from £5.03m to £4.17m on turnover down by just over 4 per cent to £328.8m (£343m). Tba figures were belped by £1m of property profits, against a negligible amount in the previous year.

The share price gained a further 15p to close at 148p.

Mr Richard Allan, chairman, said the worst decline came in new vehicle sales. The volume only fell by 6.3 per cent to 23,278 units, but the amount of profit made slumped to about 22 per cent of the 1989 level.

The group has 28 franchises, with Ford as the most important. Its loss of market had to some extent been offset by Rover and Vauxhall.

Used car sales and profits sbowed little cbange and there was a particular demand for low-mileage cars less than nine months old. Bodyshops and servicing both improved.

The group had cut costs, for instance by cutting 143 jobs and reducing stocks.

Interest payments were £3.08m (£3.71m) as bank borrowings fell from £15m to just over £10m. Gearing on shareholders' funds was 24 per cent (37 per cent). Finance leases stayed at £6m.

The earnings per share fall was limited to 7 per cent by a reduced tax charge, helped by the property profit. The figure was 17.2p (18.5p). A maintained final dividend of 6.25p makes an unchanged total of 9p.

● COMMENT

Even tbougb these figures were sobstantially helped by a late property windfall, the share price continued its recovery from a low of about 100p at the turn of the year. As with the rest of the interest-rate-sensitive motor trade, it is regarded as a recovery stock for 1992; and eventually the £35m property portfolio will provide other nice surprises. Indeed, it would be a nice surprise if Perry split out the property figure in its accounts, like some of its more up-front rivals. The market is clearly looking beyond such short-term difficulties as another fall in new car sales. After 2.3m in 1989, the figure slid to 2m last year and as little as 1.6m is forecast for 1991. Although Perry will make money even it does not sell one new car, it will be years before pre-tax profit recovers to its 1988 peak of £8.3m. Tha 1990 figure was the worst since 1985. Confusion, or even irritation, over the profits breakdown and the consequent tax charge has led to 1991 forecasts that range from £3m including £1m of property to £3.8m excluding it. Taking £3.5m all in, the prospective p/e is about 11.5. There are better bargains in the sector. This one has a yield of more than 8 per cent and net assets of 238p per share.

Quicks tumbles 22p to 55p on profits warning

Shares of Quicks Group, the Manchester-based Ford main dealer, tumbled 22p to 55p yesterday following an announcement from the company that it had run up a loss in the second half of the 1990 year.

The directors said that management accounts indicated that there had been a marked deterioration in the gronp'a trading results and that it had traded at a loss after exceptional provisions for bad debts in the second six months of the year.

They pointed out that trading conditions were especially difficult in the newly-acquired Midlands' franchises and added that the contract hire and leasing company was particularly hard hit with a consequential substantial provision for bad debts.

Group pre-tax profits for the 1989 year rose from £3.51m to £4m. For the first half of 1990 they declined from £1.95m to £1.81m.

NEWS DIGEST

Independent News falls to below I£10m

EXCEPTIONAL cbarges hit Dublin-based Independent Newspapers in 1990, pulling down the pre-tax profit from I£15.51m to I£9.99m, or £9.13m.

Accompanying tbe preliminary is news of an issue of a I£30m 6 per cent convertible capital bond 2006.

The group's core businesses are newspaper and magazine publishing, outdoor advertising and the electronic media.

In the year turnover increased 5 per cent to I£154.88m (I£147.93m) and operating profit grew 24 per cent to I£17.65m (I£14.28m). Againat that interest took I£5.11m (I£2.37m) and exceptional charges I£2.55m (credits I£3.6m).

The exceptional charge was made up of profit on the disposal of the remaining shareholding in Reuters of I£1.32m, less provision in respect of the investment in Golden Grid of I£3.87m.

Earnings were 23.77p (30.08p) and 30.83p (27.11p) excluding exceptionals.

The recommended final dividend is 8.5p for a total of 13p (12p).

In Ireland, tbe growtb in advertising revenuea enabled the domestic operations to record better results, thougb profit margins atill remained "well below internationally acceptable standards", the directors said.

Abroad, the group's markets experienced economic difficulties, but market share either held or improved.

Capco places £80m of debenture stock

Capital & Counties yesterday announced a placing of £80m of debenture stock at 11.25 per cent, writes Vanessa Houlder.

Mr Ray Moorman, managing director, said the company had decided to take advantage of a window of opportunity when rates were acceptable to move some sbort-term debt into longer-term debt.

Exceptional charges strike Pathfinders

Pathfinders Group just stayed in trading profit for tbe six montbs ended September 30 1990, but after exceptional charges of £170,000 went into a pre-tax loss of £157,000.

The USM-quoted group is a specialist entertainments and media recruitment agency. The loss compared with a profit of £142,000 and came from a turnover of £540,000 (£1.06m). Loss per share was 0.5p (earnings 0.39p).

The exceptional charges represent expenses and compensation payments made in respect of former directors.

Telfos confirms Jenbacher talks

The board of Telfos Holdings, the locomotive and rolling stock manufacturer until recently the bid target of William Cook, has confirmed that it is in negotiations with Jenbacher Werke, tbe Austrian engineering company.

On Fabruary 22 Jenbacher said it was willing to consider a cash snbscription whicb would take its holding in Telfos np to 29.9 per cent.

Braime puts brake on first-half decline

TF & JH Braime (Holdings), whicb saw profits decline 65 per cent during the first six months, improved somewhat through the second balf to finish the 1990 year 18 per cent down at the pre-tax level.

The full year decline, from £447,000 to £367,000, was struck from a turnover of £5.57m (£4.91m). The group is a maker of seamless drawn presswork and a distributor of elevator components.

Earnings emerged at 15.61p (20.14p) per share and a proposed same-again final dividend of 5.5p makes a 7.25p (7.5p) total.

New products help Doeflex to inch up

The introduction of new products helped Doeflex, snpplier of plastic materials, to combat deteriorating trading conditions and slightly increase its pre-tax profit.

On a maintained turnover of £18.13m in 1990, the profit rose to £1.28m (£1.26m). The effects of the recession were felt early on in almost all traditional product areas, and particularly in tbe building and DIY markets.

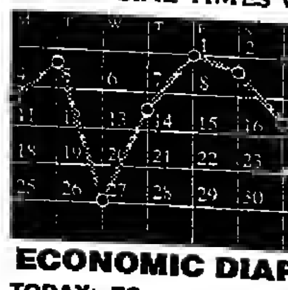
Earnings in the year moved up to 10.21p (10.18p) and the dividend is again 4.02p, the final being 2.7p.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 08.03.91: Pool purchase price £/MWh	Final Prices for Trading on 08.02.91: Pool purchase price £/MWh	Final Prices for Trading on 08.02.91: Pool selling price £/MWh
0030	15.78	13.34	13.34
0100	28.73	24.24	28.04
0130	28.73	24.24	28.02
0200	28.73	24.24	28.02
0230	24.23	24.09	25.87
0300	24.23	21.41	23.13
0330	18.18	20.93	22.66
0400	15.24	20.00	21.71
0430	15.01	20.00	21.72
0500	14.81	18.30	19.99
0530	14.74	17.96	19.66
0600	14.71	27.22	29.15
0630	14.71	27.22	29.14
0700	14.78	17.55	19.26
0730	14.81	14.07	14.07
0800	15.09	14.07	14.07
0830	15.64	13.78	13.79
0900	17.13	19.07	20.85
0930	17.48	20.46	22.25
1000	19.91	23.49	25.34
1030	22.12	23.49	25.34
1100	26.61	23.49	25.34
1130	26.61	23.49	25.34
1200	22.12	20.46	22.23
1230	20.35	20.31	22.09
1300	19.99	19.81	21.58
1330	17.54	19.81	21.58
1400	17.06	16.72	20.45
1430	15.24	13.69	18.69
1500	15.17	13.42	13.42
1530	15.17	13.42	13.42
1600	15.17	15.42	13.42
1630	17.13	13.42	13.42
1700	17.54	16.86	18.56
1730	20.26	29.30	31.29
1800	24.21	29.30	31.24
1830	21.39	29.30	31.24
1900	24.22	29.30	31.27
1930	24.22	22.48	24.31
2000	21.39	21.46	23.26
2030	21.17	20.12	21.89
2100	17.54	16.86	18.57
2130	17.54	15.54	13.54
2200	15.66	13.40	13.40
2230	15.24	13.37	13.37
2300	15.09	13.29	13.29
2330	14.86	13.24	13.24
2400	14.78	13.28	13.28

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.85/MWh becomes 1.885p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited



ECONOMIC DIARY

TODAY: EC trade ministers hold informal meeting on legislation needed for creation of post-1992 internal market, Luxembourg.

TOMORROW: Foreign investors' conference organised by UN Industrial Development Organisation, Ho Chi Minh City, Vietnam (until March 14).

MONDAY: OPEC ministerial meeting opens to discuss oil market in light of Gulf War, Geneva. European Parliament plenary session opens, Strasbourg (until March 15). Mr John Major, the Prime Minister, meets Chancellor Helmut Kohl in Bonn and addresses the Konrad Adenauer Foundation on "The Evolution of Europe". Fourth quarter food facts. Figures for January credit business, and January final figures for retail sales.

TUESDAY: Inter-governmental conference on economic and monetary union meets at level of EC economy and finance ministers' personal representatives, Brussels. Financial Times two-day conference opens in London on the food and drink industry in Europe. February provisional producer price index numbers. International banking statistics for the fourth quarter.

WEDNESDAY: OECD-sponsored international conference on migrations, Rome (until March 15). Fourth quarter figures for the UK balance of payments. Capital issues and redemption for February. Department of the Environment publishes details of provision against homelessness, local authorities' action under the homelessness provisions of the 1985 Housing Act; England results for the fourth quarter 1990 - supplementary tables.

THURSDAY: Talks between European Community and Poland on association agreement, Brussels. Provisional figures of vehicle production for February. CBI/FT February survey of distributive trades. Labour market statistics: unemployment and unfilled vacancies (February, provisional); average earnings indices (January, provisional); employment, hours, productivity and unit wage costs; industrial disputes.

FRIDAY: Usable steel production figures for February. Fourth quarter provisional figures for gross domestic product.

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Friday March 8 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Thu Mar 7 Index No.	Wed Mar 6 Index No.	Tue Mar 5 Index No.	Year ago (approx.) Index No.	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (188)	867.57	+0.2	12.18	5.55	10.01	0.85	866.08	872.60	863.52	850.72	960.80 4/1/90	658.43 24/9/90	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (24)	1160.22	....	12.21	5.25	10.08	0.55	1159.92	1165.52	1163.09	1034.27	1188.21 3/1/90	812.99 20/9/90	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (31)	1403.41	+0.1	12.75	5.57	10.17	3.90	1402.14	1409.40	1406.83	1395.96	1621.44 4/1/90	993.11 24/9/90	1951.50 16/7/87	71.48 2/12/74
4	Electricals (10)	2330.56	-0.5	11.69	5.72	10.44	0.80	2342.41	2396.19	2365.15	2398.32	2751.15 4/1/90	1762.48 2/11/90	3040.80 8/9/89	84.71 25/6/62
5	Electronics (26)	1883.54	+0.9	8.39	4.74	15.86	1.55	1867.55	1845.29	1810.51	1839.79	2044.72 9/1/90	1478.08 16/1/91	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (8)	454.12	+2.2	15.54	5.48	7.82	0.86	444.27	466.48	458.90	422.34	502.42 13/6/90	380.48 16/1/91	502.42 13/6/90	380.48 16/1/91
7	Engineering-General (47)	451.88	+0.8	13.19	5.76	9.10	1.15	448.36	449.16	440.15	465.03	505.10 15/6/90	339.57 23/1/91	505.10 15/6/90	339.57 23/1/91
8	Metals and Metal Forming (8)	485.25	.	18.80	7.13	6.57	0.00	485.06	488.25	488.62	469.70	515.57 4/1/90	381.44 16/1/91	596.67 9/10/87	49.65 6/1/75
9	Motors (13)	358.47	+1.1	12.84	6.69	9.21	0.00	354.59	359.25	351.23	356.22	403.90 4/1/90	260.41 24/9/90	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (21)	1491.73	-0.9	10.92	5.45	10.59	0.71	1505.20	1517.07	1502.53	1552.57	1774.64 3/1/90	1103.89 1/11/90	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (182)	1400.26	+0.7	8.79	3.77	14.13	3.44	1390.74	1400.70	1375.06	1207.24	1400.70 6/3/91	1121.42 24/9/90	1417.92 4/9/89	61.41 13/12/74
22	Brewers and Distillers (22)	1749.02	+1.5	9.16	3.57	13.45	7.47	1723.71	1725.99	1708.09	1389.23	1749.02 8/3/91	1369.31 6/3/90	1749.02 8/3/91	69.47 13/12/74
25	Food Manufacturing (20)	1163.38	+0.3	9.87	4.14	12.49	1.69	1159.50	1160.50	1139.02	1066.77	1184.41 3/1/90	959.38 24/9/90	1220.42 4/9/89	59.67 11/12/74
26	Food Retailing (16)	2579.17	+1.2	8.20	3.01	15.95	3.15	2548.27	2561.90	2517.81	2239.90	2617.14 27/7/90	2188.04 30/4/90	2722.30 5/9/89	54.25 11/12/74
27	Health and Household (21)	3018.73	-0.1	6.73	2.78	17.74	0.91	3021.12	3078.53	3000.02	2410.16	3078.53 6/3/91	2166.10 24/8/90	3078.53 6/3/91	175.38 28/5/80
29	Hotels and Leisure (22)	1353.96	+0.4	10.10	5.09	11.67	9.06	1348.57	1383.25	1345.71	1449.36	1717.22 9/1/90	1066.91 25/1/91	1845.77 8/9/89	54.83 9/1/75
30	Media (25)	1426.65	+1.0	10.23	4.72	12.33	7.81	1412.46	1401.60	1371.56	0.00	1426.65 8/3/91	1166.91 16/1/91	1426.65 8/3/91	1166.91 16/1/91
31	Packaging & Paper (11)	653.65	+0.4	8.05	5.27	15.23	0.30	651.03	653.76	627.18	553.31	653.76 6/3/91	470.91 28/9/90	739.48 16/7/87	43.46 6/1/75
34	Stores (34)	882.51	+0.9	9.62	4.14	13.52	1.76	874.31	877.22	872.05	753.85	882.51 8/3/91	690.43 27/4/90	1160.58 29/7/87	52.63 6/1/75
35	Textiles (11)	531.92	.....	10.02	6.04	12.85	0.65	531.65	525.14	512.51	496.82	554.37 4/1/90	388.59 24/9/90	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (110)	1185.67	+0.3	10.65	5.06	11.41	2.56	1182.13	1196.69	1167.00	1141.03	1233.52 3/1/90	932.53 24/9/90	1233.52 3/1/90	58.63 6/1/75
41	Business Services (12)	1172.90	+1.3	10.66	4.61	11.41	0.26	1158.13	1159.19	1109.43	1538.00	1172.90 8/3/91	892.28 1/2/91	1372.90 8/3/91	892.28 1/2/91
42	Chemicals (21)	1273.86	+0.7	9.58	5.60	12.71	0.77	1264.62	1292.04	1255.03	1195.04	1335.87 14/6/90	940.57 24/9/90	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (11)	1531.80	+0.2	11.14	6.73	10.70	6.83	1528.93	1554.40	1530.39	1596.84	1722.31 14/6/90	1200.88 12/11/90	1819.46 11/8/89	975.19 10/11/87
44	Transport (15)	2174.03	-0.7	12.02	4.69	10.26	1.82	2188.40	2223.12	2185.83	2210.32	2458.00 4/1/90	1730.87 23/1/91	2554.69 12/7/89	90.80 29/6/62
45	Electricity (12)	1148.62	.....	10.73	6.13	11.24	0.00	1148.78	1349.27	1121.06	0.00	1151.21 18/2/91	994.96 7/1/91	1151.21 18/2/91	994.96 7/1/91
46	Telephone Networks (3)	1345.15	+0.5	9.94	3.76	13.08	0.00	1338.54	1359.96	1314.22	1137.78	1359.96 6/3/91	1017.41 26/9/90	1359.96 6/3/91	517.92 30/11/84
47	Water (10)	2486.83	+0.4	13.63	5.63	8.20	39.69	2477.08	2473.04	2445.21	1944.36	2486.83 8/3/91	1820.20 1/5/90	2486.83 8/3/91	1820.20 1/5/90
48	Miscellaneous (26)	1891.14	.....	9.99	4.82	11.65	1.37	1890.13	1901.91	1861.57	1861.55	1981.35 3/1/90	1445.37 24/9/90	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (480)	1207.12	+0.5	10.10	4.55	12.15	2.47	1201.68	1212.33	1189.67	1111.36	1234.94 3/1/90	950.55 24/9/90	1273.71 5/9/89	59.01 13/12/74
51	Oil & Gas (20)	2422.25	+1.7	10.69	5.48	12.24	34.91	2380.61	2362.72	2339.71	2333.17	2528.70 3/8/90	2101.45 21/1/91	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1309.37	+0.6	10.18	4.68	12.17	4.88	1301.21	1309.88	1286.95	1212.72	1338.65 3/1/90	1068.52 28/9/90	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (98)	831.59	+1.1	-	5.68	-	2.87	822.40	831.90	817.97	794.00	869.67 3/1/90	621.68 24/9/90	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	922.18	+1.5	11.50	6.12	11.99	5.83	908.73	924.63	903.30	867.40	924.63 6/3/91	650.43 24/9/90	924.63 6/3/91	62.44 12/12/74
65	Insurance (Life) (7)	1468.15	+0.5	-	5.23	-	0.00	1460.39	1468.22	1466.70	1281.13	1319.19 29/6/90	1220.17 1/5/90	1319.19 29/6/90	44.88 2/1/75
66	Insurance (Composite) (6)	721.46	+1.7	-	5.99	-	0.00	709.18	712.79	707.42	654.73	763.09 2/1/90	526.46 24/9/90	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (8)	1108.04	+1.1	6.67	5.82	19.63	7.94	1095.59	1103.20	1084.62	1066.87	1394.74 4/1/90	757.70 24/9/90	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	428.05	+1.9	-	4.77	-	0.00	420.07	427.82	409.31	470.31	502.02 8/2/90	319.38 24/9/90	547.59 12/10/87	31.21 7/1/75
69	Property (41)	1044.39	+0.1	6.37	4.51	21.52	1.26	1043.73	1054.81	1040.63	1084.06	1242.53 4/1/90	834.72 24/9/90	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (20)	287.29	+0.3	9.27	6.61	13.40	2.30	286.31	287.23	278.93	314.21	350.59 4/1/90	233.78 1/10/90	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (69)	1196.84	+0.9	-	3.41	-	4.03	1186.33	1196.49	1158.86	1151.74	1323.81 4/1/90	947.19 16/1/91	1323.81 4/1/90	71.12 13/12/74
99	ALL-SHARE INDEX (667)	1192.13	+0.7	-	4.79	-	4.39	1183.79	1192.56	1171.35	1110.85	1226.83 3/1/90	962.09 24/9/90	1238.57 16/7/87	61.92 13/12/74

	Index No	Day's Change	Day's High (a)	Day's Low (b)	Mar 7	Mar 6	Mar 5	Mar 4	Mar 1	Year ago	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2455.0	+17.3	2473.8	2433.4	2437.7	2459.9	2420.1	2382.9	2386.9	2234.3	2463.7 3/1/90	1990.2 28/9/90	2463.7 3/1/90	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Mar 8	Day's change %	Thu Mar 7	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	121.28	+0.21	121.03	2.09	1.92
2	5-15 years (31)	132.01	+0.21	131.73	2.07	2.69
3	Over 15 years (8)	138.15	+0.26	137.79	0.38	4.05
4	Irredeemables (6)	153.81	-0.09	153.95	2.52	1.50
5	All stocks (73)	130.79	+0.21	130.51	1.98	2.55
	Index-Linked					
6	Up to 5 years (2)	158.70	+0.02	158.67	0.32	1.03
7	Over 5 years (10)	145.14	-0.27	145.53	0.66	0.89
8	All stocks (12)	146.04	-0.25	146.40	0.63	0.90
9	Debs & Loans (54)	110.29	+0.04	110.25	2.54	1.67

	AVERAGE GROSS REDEMPTION YIELDS		Fri Mar 8	Thu Mar 7	Year ago (approx.)	1990/91 High	1990/91 Low
	British Government						
1	Low	5 years	9.33	9.33	11.54	12.36 2/5/90	9.23 19/2/91
2	Coupons	15 years	9.60	9.61	11.29	11.94 30/4/90	9.46 19/2/91
3	(0%-7¾%)	25 years	9.76	9.77	11.20	11.85 30/4/90	9.52 2/1/90
4	Medium	5 years	10.15	10.19	12.86	13.58 2/5/90	10.04 20/2/91
5	Coupons	15 years	10.02	10.03	11.79	12.45 27/4/90	9.84 14/2/91
6	(8%-10¾%)	25 years	9.95	9.96	11.37	11.98 27/4/90	9.65 2/1/90
7	High	5 years	10.31	10.35	12.97	13.67 2/5/90	10.20 19/2/91
8	Coupons	15 years	10.19	10.20	12.07	12.76 27/4/90	9.98 14/2/91
9	(11%-)	25 years	10.11	10.10	11.61	12.27 27/4/90	9.78 2/1/90
10	Irredeemables†		10.00	9.98	11.20	11.83 30/4/90	9.66 4/1/90
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	3.74	3.70	4.71	5.48 20/7/90	3.46 5/10/90
12	Inflation rate 5%	Over 5 yrs.	4.14	4.12	4.11	4.43 17/10/90	3.60 4/1/90
13	Inflation rate 10%	Up to 5 yrs.	2.34	2.29	3.80	4.37 9/7/90	2.13 21/2/91
14	Inflation rate 10%	Over 5 yrs.	3.97	3.94	3.95	4.23 17/10/90	3.43 4/1/90
15	Debs &	5 years	11.86	11.86	13.80	16.70 30/4/90	11.86 4/3/91
16	Loans	15 years	11.62	11.62	13.14	14.48 26/4/90	11.61 4/3/91
17		25 years	11.41	11.41	13.14	13.89 4/5/90	11.40 1/3/91

‡Opening Index 2433.4; 9 am 2447.7; 10 am 2468.7; 11 am 2468.7; Noon 2467.7; 1 pm 2471.1; 2 pm 2468.1; 2.30 pm 2465.3; 3 pm 2465.3; 4.10 pm 2452.8; (a) 10.23am (b) 8.30am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.
CONSTITUENT CHANGES: Yale & Valor (48) has been deleted and replaced by Baynes (Charles) (10).

LONDON TRADED OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Alld Lyons (*539)	460	89	92	102	2	6	8½
	500	52	60	72	6	14	19
	550	17	30	45	24	36	40
ASDA (*138)	120	21	27	28	1	3	5
	130	13	20	21	3	5½	8
	140	7	13	15	7	18	12½
Brit. Airways (*171)	160	18	20	25	4½	11	13
	180	6	10	16	14	21	22
	200	2½	-	-	42	-	-
SmKl Beecham A (*749)	650	107	125	143	2½	8	13
	700	63	85	105	8	19	25
	750	28	53	74	26	38	44
Boots (*357)	300	62	68	72	1	3½	5
	330	35	42	50	3	18	12
	360	14	22	31	13	22	24
B.P. (*343)	330	23	31	40	5½	11	17
	360	6½	16½	24	21	25	29
	390	1½	-	-	47	-	-
British Steel (*140)	130	14	16½	10	3	6	7
	140	6½	18	12	6	11	12
	160	1½	4	5½	22	25	26
Bass (*1065)	1000	90	117	146	9	27	34
	1050	54	84	117	22	42	50
	1100	28	60	87	50	68	82
C & Wire (*532)	500	50	63	70	9	20	24
	550	17	32	50	30	43	47
	600	5	-	-	68	-	-
Courtaulds (*387)	330	63	67	76	1½	4	6½
	360	35	42	54	4½	11	14
	390	13	23	35	14	23	25
Com. Union (*533)	460	65	78	83	2½	7	12
	500	32	48	57	10½	18	27
	550	8	24	30	40	45	50
Fisons (*467)	390	83	94	107	1	3½	6
	420	55	68	83	4	9	12
	460	23	40	54	15	20	22
GKN (*376)	330	43	55	57	3	9	13
	360	18	37	40	13	20	25
	390	7	20	27	32	35	43
Grand Met. (*748)	700	65	88	107	8	19	24
	750	32	57	78	27	57	42
	800	12	34	52	58	65	73
I.C.I (*1075)	1000	64	105	120	20	32	45
	1050	36	73	92	42	52	67
	1100	17	53	69	75	57	94
Kingfisher (*438)	390	57	67	74	1½	10	15
	420	32	43	54	8	18	22
	460	12	22	34	29	30	42
Ladbroke (*274)	260	24	31	40	7	14	20
	280	11	19	29	16	25	28
	300	5	-	-	29	-	-
Land Secur (*546)	500	58	66	73	3	7	12
	550	22	29	44	16	27	33
	600	5	11	22	57	63	66
M & S (*246)	220	32	35	42	1½	5	6½
	240	15½	21	30	5½	15	15
	260	5	12	19	17	22	25
Sainsbury (*336)	300	42	47	58	1½	5	7
	330	18	28	38	7	14	16
	360	5½	13	22	27	32	33
Shell Trans. (*484)	460	39	57	69	6½	18	14
	500	12	31	43	21	26	32
	550	3	-	-	63	-	-
Storehouse (*118)	110	14	13	19	4	7	8
	120	6½	18	14	8	12	15
	130	2¼	7	-	13	19	-

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Trafalgar (*256)	240	29	33	44	7½	20	24
	260	17	22	33	17	27	34
	280	8	14	24	28	40	45
Utd. Biscuits (*371)	330	45	51	60	2½	5½	8½
	360	20	30	40	10	14	19
	390	5	14	23	29	32	35
Unilever (*736)	650	92	12	122	5	10	13
	700	46	66	85	13	21	25
	750	15	57	57	37	43	47
Ultramar (*344)	330	18	35	43	11	13	18
	360	7	17	28	30	33	33
	390	3	-	-	37	-	-
Option		**Mar**	**May**	**Aug**	**Mar**	**May**	**Aug**
Elec. Pkg. (*£1890)	1850	90	125	-	35	70	-
	1900	50	95	-	70	90	-
Eastern Elec (*169)	160	12	18	21	2½	8	10½
	180	2	7½	13	13	16	23
Southern Elec (*180)	160	22	20	-	2	4	-
	180	6	12	-	5	10	-
Option		**May**	**Aug**	**Nov**	**May**	**Aug**	**Nov**
Brit Aero (*660)	600	73	90	107	16	24	28
	650	39	58	72	36	45	52
BAA (*415)	390	45	53	63	8	17	20
	420	27	35	46	20	30	35
BAT Inds (*708)	700	36	55	70	28	40	45
	750	18	30	45	62	70	76
BTR (*381)	360	29	44	49	13	16	29
	390	14	29	54	28	31	36
Brit. Telecom (*332)	330	21	20	34	10	17	19
	360	8	-	-	29	-	-
Cadbury Sch (*378)	360	27	41	48	10	15	17
	390	11	24	33	28	29	32
Guinness (*848)	800	71	94	112	18	26	30
	850	40	63	84	40	50	53
GEC (*215)	200	24	26	31	3½	8	9
	220	11	13	19	11½	17	19
Hanson (*225)	220	16½	22	29	6	18½	13
	240	7	15	19	17	20	21½
LASMO (*391)	390	25	37	48	22	26	28
	420	11	23	-	41	43	-
Lucas Inds (*169)	160	17	23	28	8	12	14
	180	6	15	19	20	22	23
P. & O. (*599)	550	60	70	77	15	21	28
	600	25	41	48	38	42	50
Pilkington (*188)	180	20	22	28	7	13	16
	200	10½	12	18	17	26	20
Prudential (*227)	220	14	22	26	9	12	13
	240	6	13	17	22	23	27
Racal (*208)	200	22	25	31	8	12	14
	220	10½	16	22	19	21	22
R.T.Z. (*535)	500	43	61	70	17	24	23
	550	10	33	44	45	48	52
Scot. & New (*400)	390	31	40	48	13	20	22
	420	16	24	34	29	57	40
Tesco (*258)	253	13	22	-	18	12	-
	260	-	-	24	-	-	18
Thames Water (*305)	300	22	27	31	10	10	20
	330	8	12	17	26	34	37
Option		**Apr**	**Jul**		**Apr**	**Jul**	
STC (*320)	300	-	-	-	¼	¼	-
	330	¼	-	-	-	-	-
Option		**Mar**	**Jun**	**Sep**	**Mar**	**Jun**	**Sep**
Abbey Nat. (*272)	260	11	19	25	4½	18	13
	280	2	18	13	18	22	25

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Amstrad (*72)	70	4	9½	12	3½	5	6½
	80	1	4	8	9	11	12
Barclays (*463)	420	35	54	65	4	14	22
	460	8	26	37	23	33	38
Blue Circle (*264)	260	12	21	29	6	18	23
	280	4	13	20	18	30	34
British Gas (*252)	240	13	26	30	2	6	18
	260	3	13	16	18	14	20
Dixons (*179)	160	21	31	31	1	4½	7
	180	6	16	20	6	11	16
Glaxo (*997)	950	52	95	125	8	20	40
	1000	20	64	97	29	49	62
Hawker Sidd. (*545)	500	60	80	85	3	18	27
	550	22	40	57	16	43	50
Hillsdown (*238)	220	22	30	39	3½	13	17
	240	9	20	29	13	23	27
Lonrho (*241)	240	8	21	26	7	12	19
	260	1¼	13	-	21	24	-
Midland Bk (*196)	180	19	27	38	3½	8	13
	200	7	10	26	11	15	24
Reuters (*879)	850	44	90	120	20	50	65
	900	19	67	95	45	75	90
R. Royce (*164)	160	5	12	17	7	11	14
	180	1½	5½	9	24	26	28
Sears (*94)	90	6	18	11	1½	6½	8
	100	1½	4	7	8	12	13
THF (*269)	260	14	22	28	3½	14	17
	280	5	13	19	14	25	28
Thorn EMI (*749)	700	55	86	85	2	12	24
	750	18	52	57	14	27	45
TSB (*156)	140	18	22	27	1	3	5½
	160	3	18	14	6	9	13
Vaal Reefs (*560)	60	4½	10	12	4½	9	11
	70	2	5½	9	13	13	17
Wellcome (*512)	500	26	32	70	10	26	31
	550	5½	29	45	42	52	55

EURO FT-SE INDEX (*2453)

	2275	2325	2375	2425	2475	2525	2625	2725
CALLS								
Mar	187	140	96	58	28	13	3	1
Apr	205	163	125	90	62	40	-	-
May	-	186	-	117	-	65	-	-
Jun	-	199	-	133	-	82	45	21
Sep	-	252	-	187	-	135	90	55
Dec	-	295	-	230	-	175	130	95
PUTS								
Mar	6	9	16	27	51	83	170	268
Apr	16	22	33	49	70	96	-	-
May	-	30	-	58	-	102	-	-
Jun	-	38	-	67	-	112	171	245
Sep	-	54	-	83	-	125	-	176
Dec	-	75	-	118	-	150	-	195

FT-SE INDEX (*2453)

	2200	2250	2300	2350	2400	2450	2500	2550
CALLS								
Mar	260	211	163	117	77	43	22	10
Apr	279	232	189	130	111	20	54	36
May	292	249	208	170	136	106	79	58
Jun	306	265	224	188	154	124	98	74
Jul †	-	-	-	-	-	-	-	-
Dec †	385	-	318	-	250	-	190	-
PUTS								
Mar	2	3½	5½	10	20	39	70	110
Apr	8	12	10	27	42	62	90	124
May	13	21	29	40	55	75	101	134
Jun	20	26	35	46	60	80	105	138
Jul †	-	-	-	-	-	-	-	-
Dec †	45	-	70	-	103	-	148	-

March 8 Total Contracts 30,743
Calls 20,048 Puts 10,695
FT-SE Index Calls 3,563 Puts 1,617
Euro FT-SE Calls 625 Puts 192
*Underlying security price. † Long dated expiry mths

Crédit Suisse plans cut in dividend after 31% fall

By William Dullforce in Geneva

CREDIT SUISSE, one of the three hig Swiss banks, plans to cut its dividend after posting e 31 per cent decline to SFr539m (US$400m) in consolidated net earnings last year.

Mr Robert Jeker, president, said the fall in profits was a one-off due to an exceptionally large fall in results of securities trading.

This year Crédit Suisse's performance would be restored to the level achieved in 1989, Mr Jeker said. Management had budgeted for a significant rise in income and results for the first two months were already well above the monthly average for 1990.

The board proposes to cut the 1990 dividend from SFr116 to SFr100 per bearer share and from SFr23 to SFr20 per registered share.

Union Bank of Switzerland last week announced a 13.5 per cent fall in net profit but maintained the dividend. Swiss Bank Corporation is due to report on Wednesday.

Net earnings of the parent bank tumbled by 34 per cent to SFr470m with cash flow down by 24 per cent to SFr1.26bn. At the group level cash flow declined by 20 per cent to SFr1.48bn.

Returns on equity dropped from 9.9 per cent in 1989 to 6.2 per cent in the parent bank and from 10.3 per cent to 6.6 per cent at the group level.

Losses, writedowns and provisions at SFr705m were SFr85m lower than in 1989.

The profit setback, according to Mr Jeker, derived almost entirely from securities trading, on which Crédit Suisse has a relatively heavy reliance.

Falling share prices resulted in a substantial decline in the book value of Crédit Suisse's large equity portfolio and considerable realised losses.

Group income from trading in securities, foreign exchange and precious metals declined by SFr549m or by 62 per cent last year. The bank shows a fall of SFr472m or 66 per cent in income from securities.

Total securities holdings contracted by 6 per cent over the year, the equity portfolio shrinking by almost 20 per cent. Nevertheless, the securities portfolio at SFr9bn still accounted for 6 per cent of consolidated total assets of SFr150bn at the end of the year.

A strong expansion in the volume of lending, from SFr83.7bn to SFr91.8bn at group level, helped to produce an 11 per cent improvement to SFr1.9bn in income from on-balance-sheet business. But net commission income dropped by 7 per cent to SFr1.2bn.

Against a decline of 6 per cent to SFr3.8bn in the group's total income, staff costs grew by 7.4 per cent but the rise in overall expenditure was restricted to 5.4 per cent for a total of SFr2.3bn.

Customer deposits grew by 7 per cent to SFr100bn, an 18 per cent increase in time deposits more than offsetting declines in all other categories. Mr Jeker said there had been a strong inflow of funds into fiduciary deposits, which do not appear on the balance sheet.

The bank's balance sheet grew by 6.9 per cent to SFr126bn during 1990 and showed shareholders' equity, including reserves, of SFr7.75bn at the end of the year.

IBCA, the European credit rating agency, said yesterday that it will review Crédit Suisse's top triple-A credit rating as soon as full figures for 1990 are available, writes Simon London.

IBCA commented that while the bank's decision to recommend cutting the dividend is intended to preserve capital, it undoubtedly raises questions of future profitability.

Jardine Matheson apologises for breach

By John Elliott in Hong Kong

JARDINE Matheson Holdings, the Bermuda-domiciled trading to hotels and property group controlled by the Keswick family, yesterday issued a public apology to Hong Kong's market regulators for a technical breach in 1989 of stock exchange rules which ban companies from buying back their own shares.

This is expected to improve the climate for a fresh initiative aimed at persuading the Keswick family not to de-list its Hong Kong-based empire from the colony's stock exchange.

The breach of rules arose because of a purchase during four months in 1989 by Jardine Matheson Holdings (JMH) of 1.13 per cent of its own shares through Connaught Investors, a Bermuda-based investment vehicle jointly owned by Jardine companies.

Share buy-backs are banned in Hong Kong for companies and their subsidiaries but are to be allowed soon.

Under a negotiated settlement Jardine yesterday apologised and the stock exchange said it accepted that the "technical breaches were inadvertent". Jardine said the breach had occurred because it had not realised that for four months JMH, jointly with another group company, Jardine Strategic Holdings, had held more than 50 per cent of Connaught. For that period it had therefore been a JMH subsidiary, not an associate.

The 7.34m JMH shares involved are to be sold by Connaught within three months of the Jardine group's annual results being declared later this month.

Behind this detailed row lies a long campaign by the Keswick family to ensure that the group is regulated by London's market authorities instead of Hong Kong's before the colony returns to Chinese sovereignty in 1997. In the past few months Jardine has secured listings in London, New York, Australia and Singapore for its main companies and it has told the Hong Kong government it will de-list in the colony unless local regulatory authorities agree that its primary listing and regulation should be in London.

Hong Kong's exchange is worried that its future as an internationally important market could be endangered as 1997 approaches by de-listings of companies such as Jardine.

The Securities and Futures Commission has therefore agreed to draw up a plan for a special form of listing status for Jardine and other companies allowing them to be regulated overseas.

Wardley Holdings plummets 38%

By John Elliott

THE HONGKONG and Shanghai Banking Corporation's financial problems with subsidiaries worsened yesterday when Wardley Holdings, its Hong Kong-based merchant banking subsidiary, reported a 38 per cent drop in after-tax profits to HK$321m (US$41.2m) for 1990 from HK$521m in 1989.

Dividends paid to the Hong Kong bank were down to HK$210m from HK$370m. This will be reflected in the hard-pressed Hongkong Bank's profits for last year which are to be announced on Tuesday at a level significantly lower than 1989's HK$4.77bn. Other problems are concentrated in banking subsidiaries in the US and Australia and in James Capel, the UK-based stock broking firm.

However, the news was not all gloom yesterday. Hang Seng Bank, Hongkong Bank's main subsidiary and operator of the colony's largest retail banking network, announced consolidated profits after tax and undisclosed transfers to inner reserves of HK$2.19bn for 1990. This is 20.2 per cent above 1989's HK$1.82bn.

Wardley was hit last year by lower revenues from its fund management businesses which are being merged in the UK with James Capel's.

But most of the fall in profits stems from Equator Bank, a merchant banking subsidiary in Africa. Despite currently profitable operations, Equator has had to make substantial provision for African loans made in the early 1980s. The problems were worsened by Nigeria's decision not to pay loan interest above 3 per cent.

Hang Seng's results were better than market expectations although they do not precisely reflect performance because the colony's banks are allowed to keep their inner reserve transfers secret. Some analysts speculated that yesterday's declared profits were kept high in order to help the Hongkong Bank's overall results.

The Hang Seng is transferring HK$430.0m to its general reserve and is paying an interim dividend of 93 cents per share which makes a total for the year of $1.20 cents, up from an adjusted $1.00 a year ago. It is also proposing a one-for-five scrip issue.

Net earnings tumble 71% at Brascan

BRASCAN, a key holding company in the industrial and financial empire controlled by Peter and Edward Bronfman of Toronto, suffered a 71 per cent drop in income last year, including a C$44.3m (US$38.2m) fourth-quarter loss, writes Bernard Simon in Toronto.

Net earnings for the year tumbled to C$80.3m or 40 cents a share from C$280.8m or C$2.90 in 1989. Group revenues rose to C$10.3bn from C$9.6bn.

Brascan and its sister companies have come under unusually close public scrutiny recently as concern has grown in the investment community that a deteriorating performance in one part of the empire could spill over into other companies as a result of their intertwined but often secret links.

The Bronfman interests account for between 6 per cent and 15 per cent of the total market value of shares on the Toronto stock exchange.

TOKYO CONSIDERS LIFTING SECURITIES AND BANKING REGULATORY BARRIERS

Japan's insurers close to winning battle

By Emiko Terazono in Tokyo

JAPANESE life and casualty insurers look set to win a long campaign for permission to enter the banking and securities markets.

Intense lobbying by the industry has persuaded the ministry of finance (MoF) to consider reducing or eliminating the regulatory barriers which keep insurers out of securities and banking.

The insurers' demands will be taken into account in the comprehensive review of the barriers separating different kinds of financial companies which the ministry is undertaking. This includes the separation of banks and securities companies, regulated under Japan's version of the US Glass-Steagall Act.

The decision by the MoF to include the issue on the agenda comes at a time when insurance companies are keen to diversify sources of funds and boost profits. The companies have been hurt by last year's plunge in the stock market which hit portfolio values and by the decline in the inflow of new money after the deregulation of interest rates which has diverted funds to bank deposits.

The MoF revealed yesterday that it would "clear the outlines" concerning the requests from the insurance companies at an insurance council meeting on March 20. An MoF official said that while discussion concerning the issue has been going on, nothing concrete was expected to be proposed.

Some of the issues expected to be discussed are the entrance of insurance companies into banking and securities business through subsidiaries, and the demarcation lines between non-life insurance companies and life insurance companies.

A life insurance executive said that he was very happy that the authorities had decided to take on the issue as a part of the ongoing financial reform discussions.

"Although deregulation between insurance, banking and securities will intensify competition, it will vitalise the Japanese financial system. Deregulation is inevitable now that Japan's role in global finance has grown this large," he added.

For the first time since the second world war Japanese insurance companies face an annual decline in revenues for the year ending March, 1990.

Appraisal losses on securities holdings for the eight leading insurance companies totalled Y1,687bn (US$12.4bn) for the six months ended September, 1990, and cancellation refund payments rose sharply by 60 per cent.

ABN Amro dips 6.8% to Fl 1.3bn

By Ronald van de Krol in Amsterdam

ABN AMRO, the largest bank in the Netherlands, yesterday reported a 6.8 per cent drop in 1990 net profit, blaming the downturn on the narrowing of Dutch interest rate margins and the weakness of financial markets following the Gulf crisis.

The bank, created last year out of the merger between ABN Bank and Amro Bank, said that net profit fell to Fl 1.33bn (US$758m) from a combined net result of Fl 1.42bn posted by the two merger partners in 1989.

The 1990 dividend is to be left unchanged at Fl 1.50 per share.

Mr Roelof Nelissen, the chairman of ABN Amro, reported healthy increases in lending, balance sheet total and savings deposits. However, he said results had been held back by interest rate developments and the depressed state of financial markets.

Roelof Nelissen: result hit by depressed financial markets

Commissions on securities transactions fell by 16.9 per cent to Fl 976m. This decrease was offset by higher commissions on insurance business and foreign exchange trading, producing a slim 0.5 per cent rise in overall commission income to Fl 2.61bn.

Total income was up 7.9 per cent cent at Fl 10bn, helped by a 9.8 per cent increase in interest income. Costs, however, rose by 12.4 per cent to Fl 6.95bn.

In the Netherlands, gross results fell by 11.2 per cent to Fl 1.93bn. Despite a 4.5 per cent increase in lending, interest income showed no growth because of the unfavourable yield curve. Commission income on stock market business was also lower.

Abroad, gross profits rose by 23 per cent to Fl 1.15bn, boosted by the pre-merger purchases of Exchange Bancorp in Chicago, Frankfurter Kredithank in Germany and the acquisition of a controlling interest in European American Bancorp.

Accor poised to manage Wagons-Lits hotel chain

By Andrew Hill in Brussels

ACCOR, the French hotel company, is to take on responsibility for the management of some of Wagons-Lits' hotel activities, including the Franco-Belgian tourism group's Pullman hotel chain which will be managed jointly with Accor's Sofitel hotels.

Wagons-Lits, meanwhile, will oversee the management of a combination of its own and Accor's Spanish and German catering activities.

At the same time, Accor announced the US$105m acquisition of two US motel chains. The company will pay $85m for Regal Inns and a further $20m for Chalet Suisse. It intends to refurbish the chains and integrate them with the Motel 6 group it bought last year.

Accor, which heralded the hotel management merger earlier this year, also forecast that the adverse effect of the Gulf crisis would trim FFr50m (US$9.5m) from 1991 net profits. The group expects to make FFr900m, compared with net profits of FFr790m last year.

Yesterday's announcement about the link with Wagons-Lits dampened speculation that Accor might attempt to buy the Franco-Belgian group's entire hotel operation, valued at FFr3bn. Under the terms of the deal, each company will retain control of its own hotel assets, and some of the hotels – for example, Accor's Novotel and Ibis chains and Wagons-Lits' two-star Arcade hotels – will be excluded from the joint management ventures.

But Accor will have ultimate responsibility for the management of the two ventures, one combining the four-star and luxury international chains, and the other the companies' three-star European chains.

Cadbury Schweppes SA climbs 12%

By Philip Gawith in Johannesburg

CADBURY Schweppes South Africa, part of the UK confectionery, food and soft drinks group which recently reported a 14 per cent rise in pre-tax profits, overcame a slowdown in local consumer spending to record increased earnings for 1990.

Turnover increased by 22.2 per cent to R537.7m (US$207m) from R440.2m. But operating profit could only improve by 12.3 per cent to R47.1m from R41.9m reflecting tighter margins in the confectionery business due to lower volumes and the cost of action taken to strengthen the organisation.

Attributable profit rose 14.3 per cent to R35.1m from R30.7m.

The slowdown in consumer spending translated into differing patterns of demand as well as an outright reduction in demand.

Squashes and cordials grew strongly, growth in the carbonated drinks market was steady while confectionery volumes declined.

Although the company did not expect trading conditions to improve before the last quarter of the year, "there is considerable opportunity within the group to improve profitability". It plans to achieve real growth earnings in 1991.

Earnings per share rose by 13.9 per cent to 100.5 cents and the company is stepping up its dividend to 41 cents a share from 36 cents.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1990/91	Low 1990/91
Gold per troy oz.	$370.40	+3.85	$399.25	$420.25	$345.75
Silver Per troy oz	222.7p	+26.65	314.60p	323.50p	185.15p
Aluminium 99.7% (cash)	$1531	-10	$1531.0	$2227.5	$1380.0
Copper Grade A (cash)	£1301	-17.5	£1641.0	£1796.0	£1172.5
Lead(cash)	£328	+14	£672.5	£790	£296
Nickel (cash)	$8615	+52.5	$9250	$11375	$6075
Zinc SHG (cash)	$1211	-12	$1652.5	$1868	$1167
Tin (cash)	$5575	-10	$6350.0	$7020	$5540.5
Cocoa Futures (May)	£680	+47	£722	£967	£622
Coffee Futures (May)	£555	+7	£734	£757	£528
Sugar (LDP Raw)	$236.0	+9.0	$374.0	$386.4	$209.0
Barley Futures (May)	£121.75	+1.55	£106.75	£123.50	£103.45
Wheat Futures (May)	£131.95	+0.95	£113.55	£132.75	£111.00
Cotton Outlook A Index	84.15c	-1.55	79.90c	92.70c	73.70c
Wool (64s Super)	330p		563p	580p	330p
Oil (Brent Blend)	$18.85w	+0.30	$18.85	$39.175	$15.575

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. w-April

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$14.45-4.60t	-.425
Brent Blend (dated)	$19.00-9.15	-.525
Brent Blend (April)	$18.80-8.00	-.375
W.T.I. (1 pm est)	$19.45-9.50t	-0.35
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$250-252	-8
Gas Oil	$182-184	-17
Heavy Fuel Oil	$71-73	
Naphtha	$211-215	-4
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$370.40	+3.75
Silver (per troy oz)♣	416.50c	+23.0
Platinum (per troy oz)	$407.75	+8.75
Palladium (per troy oz)	$87.25	+3.15
Aluminium (free market)	$1530	-10
Copper (US Producer)	115.50c	-0.50
Lead (US Producer)	50c	
Nickel (free market)	390c	-3
Tin (Kuala Lumpur market)	14.91r	
Tin (New York)	258c	
Zinc (US Prime Western)	62c	
Cattle (live weight)†	106.92p	
Sheep (dead weight)†	156.72p	+7.62*
Pigs (live weight)†	87.51p	+0.67*
London daily sugar (raw)	$236.0w	+3.0
London daily sugar (white)	$314.0w	+1.5
Tate and Lyle export price	£283.0	+2.0
Barley (English feed)	Unq.	
Maize (US No. 3 yellow)	£172	
Wheat (US Dark Northern)	£93	
Rubber (Apr)♥	49.00p	+0.50
Rubber (May)♥	49.50p	+0.50
Rubber (KL RSS No 1 Apr)	228.0m	
Coconut oil (Philippines)§	$365q	-5
Palm Oil (Malaysian)§	$350.0x	+2.5
Copra (Philippines)§	$227.5	
Soyabeans (US)	£148.0	-0.00
Cotton "A" index	84.15c	-0.20
Wooltops (64s Super)	330p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-May/Jun. t-Apr. w-Mar/Apr z-Jan/Feb. x-Apr/Jun. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High	Low
May	205.80	209.60	209.80	205.00
Aug	203.80	209.20	207.80	204.00
Oct	196.00	202.00	203.80	199.00
Dec	202.00		201.80	
Mar	188.00	193.00	194.80	189.60
May	188.80	196.60	193.80	

White	Close	Previous	High	Low
May	305.0	307.5	307.0	303.5
Aug	303.0	306.0	305.0	301.6
Oct	277.5	280.0	280.1	276.0
Dec	273.0	276.0	272.0	269.0
Mar	269.0	280.5	275.0	269.0

Turnover: Raw 1067 (1537) lots of 50 tonnes. White 822 (583)
Paris- White (FFr per tonne): May 1621, Aug 1613, Oct 1490.

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High	Low
Apr	18.60	18.89	18.82	18.52
May	17.93	17.90	18.00	17.70
Jun	17.37	17.30	17.45	17.20
Jul	17.25	17.30	17.25	17.12
IPE Index	19.11	10.55		

Turnover 14390 (14703)

GAS OIL – IPE ($/tonne)

	Latest	Previous	High	Low
Mar	177.00	189.75	185.00	175.50
Apr	166.50	174.50	171.50	166.00
May	160.25	166.00	163.50	160.25
Jun	158.00	163.00	161.80	158.00
Jul	160.50	164.70	162.00	160.00
Aug	163.00	165.50	165.00	162.00
Sep	164.00	167.00	165.75	164.00
Oct	169.00	170.50	169.00	

Turnover 13377 (10439) lots of 100 tonnes

SPICES
Cloves: shipment from Madagascar US$1,750 a tonne fob, afloat $2,000, spot Europe $2,250 ex warehouse. Market steady at low levels, reports Man-production. Nutmegs – no change. Mace unchanged. Pimento firm – Mexico nearly sold out; afloat $1,525; spot $1,650; Jamaica unchanged $2,500; Honduras and Guatemala unavailable. Some interest from ex-Comecon countries. Cassia unchanged in Europe; firmer in US for spot; steady in origin. Europe: vera a/kor a spot $2,250, shipment $1,965. Ginger – Nigerian split spot $900; China whole peeled shipment $1,750.

COCOA – London FOX (£/tonne)

	Close	Previous	High	Low
Mar	654	670	680	650
May	680	674	684	679
Jul	705	701	710	704
Sep	723	722	730	722
Dec	747	745	755	748
Mar	773	770	779	770
May	792	789	797	

Turnover: 10081 (8894) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar 7 888.54 (899.18) 10 day average for Mar 5 854.88 (851.64)

COFFEE – London FOX (£/tonne)

	Close	Previous	High	Low
Mar	533	549	540	533
May	555	569	570	554
Jul	570	582	583	568
Sep	588	594	598	586
Nov	606	609	610	605
Jan	623	626	624	
Mar	639	642	644	638

Turnover: 5660 (5861) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar 7: Comp. daily 74.31 (73.64). 15 day average 72.57 (72.40)

POTATOES – London FOX (£/tonne)

	Close	Previous	High	Low
Apr	131.9	131.4	132.5	130.0
May	166.6	164.9	168.5	163.0

Turnover 149 (286) lots of 40 tonnes.

SOYAMEAL – London FOX (£/tonne)

	Close	Previous	High	Low
Jun	114.50	114.00	114.50	114.00
Aug	117.00		117.00	116.50
Oct	120.50	120.00	120.50	
Dec	125.00		125.00	

Turnover 801 (100) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)

	Close	Previous	High	Low
Mar	1715	1728	1723	1705
Apr	1560	1589	1575	1550
Jul	1175	1199	1180	1170
Oct	1270	1290	1275	1270
BFI	1763	1757		

Turnover 545 (938)

GRAINS – London FOX (£/tonne)

Wheat	Close	Previous	High	Low
Mar	129.15	128.85	129.25	
May	131.95	132.35	132.15	131.70
Jun	134.00	134.25	134.00	133.65
Sep	110.00		109.85	
Nov	112.70	112.60	112.80	
Jan	118.55		118.50	

Barley	Close	Previous	High	Low
Mar	118.50	119.85	118.50	
May	121.75	122.45	121.95	121.75

Turnover: Wheat 155 (356), Barley 49 (102).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High	Low
Jun	110.5		111.0	110.0
Oct	110.0		110.0	

Turnover:19 (35) lots of 3,250 kg

[illegible] – London FOX

	Close	Prev.	High	Low	Vol
Indx	156.86	156.21			
Mar	107.30	158.20	157.30	157.30	30
Apr	156.90	157.60	157.00	156.80	15
May	157.30	157.40	157.30	156.90	55
Jun	157.49	157.00	157.40	157.40	160
Sep	157.40	157.40	157.40	157.40	20

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 16,012 lots
Cash	1530-2	1534-5		1529-30		
3 months	1561-2	1565-6	1566/1558	1560-1	1558-9	63,011 lots
Copper, Grade A (£ per tonne)						Total daily turnover 16,127 lots
Cash	1300-2	1287-8	1306/1305	1306-7		
3 months	1307-9	1295-6	1311/1303	1309-10	1310-2	96,751 lots
Lead (£ per tonne)						Total daily turnover 2,971 lots
Cash	327-9	316.5-20.5	323/322.5	322.5-3		
3 months	338-9	331.5-2.5	339/332	334-4.5	338.5-39	13,912 lots
Nickel ($ per tonne)						Total daily turnover 2,094 lots
Cash	8600-30	8450-60	8600/8600	8580-600		
3 months	8575-600	8435-40	8600/8450	8580-90	8580-90	7,560 lots
Tin ($ per tonne)						Total daily turnover 1,670 lots
Cash	5570-80	5540-60		5585-8		
3 months	5665-75	5640-5	5680/5650	5669-60	5665-70	5,884 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 3,076 lots
Cash	1210-2	1212-4	1210/1210	1209-10		
3 months	1209-7	1209-10	1210/1195	1206-7	1206-8	19,854 lots

LME Closing £/$ rate:
SPOT: 1.8705 3 months: 1.8443 6 months: 1.8215 9 months: 1.8054

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	370.20-370.60	
Opening	366.75-367.25	
Morning fix	367.50	195.167
Afternoon fix	368.50	196.303
Day's high	370.20-370.60	
Day's low	366.70-367.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.69	6 months	5.29
2 months	5.56	12 months	5.16
3 months	5.46		

Silver fix	p/fine oz	US cts equiv
Spot	212.85	400.10
3 months	219.55	406.75
6 months	225.60	413.40
12 months	237.35	427.35

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	370.00-371.00	197.10-197.60
Maple leaf	381.00-382.00	203.00-203.50
New Sovereign	89.00-90.00	47.50-48.00

TRADED OPTIONS

Coffee	May	Jul	May	Jul
500	59	76	4	0
550	24	41	19	21
600	7	20	52	50
Cocoa	**May**	**Jul**	**May**	**Jul**
600	43	71	14	17
650	18	41	39	37
700	6	29	77	69

Brent Crude	Apr	May	Apr	May
1900	15	40		
2000	10		140	
2100	220			

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High	Low
Mar	369.7	366.9	0	0
Apr	371.2	368.5	372.8	368.3
May	372.6	370.2	0	0
Jun	374.3	371.5	376.8	371.5
Aug	377.5	375.0	377.0	376.5
Oct	380.8	378.3	0	0
Dec	384.3	381.8	385.9	381.5
Feb	388.0	385.5	387.7	387.7
Apr	391.5	389.0	391.5	391.7

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High	Low
Apr	411.4	400.0	413.5	404.6
Jul	416.3	404.5	417.5	409.5
Oct	410.2	406.4	418.0	413.5
Jan	422.7	411.9	421.0	421.0
Apr	427.5	418.7	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High	Low
Mar	416.5	397.3	419.5	400.0
Apr	418.2	399.0	0	0
May	420.7	401.5	424.0	402.5
Jul	426.2	406.7	429.0	406.0
Sep	431.4	411.0	433.5	415.0
Dec	439.2	419.3	442.0	420.5
Jan	441.4	421.2	0	0
Mar	447.5	427.3	447.0	434.0
May	453.4	433.0	0	0
Jul	459.2	438.6	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High	Low
Mar	111.80	111.45	112.40	111.60
Apr	110.85	110.40	111.20	110.90
May	109.85	109.60	110.50	109.60
Jun	108.75	108.90	109.40	108.60
Jul	107.78	108.00	108.78	107.30
Aug	107.10	107.35	107.55	107.55
Sep	106.45	106.70	107.20	106.70
Oct	105.90	106.15	106.35	106.35
Nov	105.40	105.58	0	0
Dec	105.00	105.20	105.50	105.20

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High	Low
Apr	19.58	19.42	19.60	19.27
May	19.29	19.16	19.30	19.04
Jun	18.99	18.85	18.99	18.75
Aug	18.70	18.54	18.73	18.54
Sep	18.75	18.54	18.80	18.60

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High	Low
Apr	5585	5555	5580	5470
May	5320	5295	5350	5230
Jun	5180	5182	5200	5100
Jul	5165	5159	5185	5100
Aug	5230	5224	5246	5190
Sep	5360	5359	5390	5320
Oct	5460	5449	5480	5440
Dec	5650	5629	5650	5575
Jan	5655	5634	5660	5600

COCOA 10 tonnes;$/tonnes

	Close	Previous	High	Low
Mar	1154	1170	1170	1100
May	1183	1200	1202	1178
Jul	1213	1230	1233	1207
Sep	1240	1256	1255	1236
Dec	1275	1292	1290	1274
Mar	1309	1326	1327	1305
May	1331	1356	1340	1330
Jul	1358	1367	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High	Low
Mar	91.45	93.40	93.50	91.50
May	93.25	95.60	95.65	93.10
Jul	95.05	97.60	97.50	94.90
Sep	96.95	99.25	99.10	96.90
Dec	99.70	102.00	101.90	99.65
Mar	103.75	106.00	103.75	103.75
May	105.50	108.40	105.50	105.50
Jul	107.50	108.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High	Low
May	9.30	9.46	9.47	9.28
Jul	8.96	9.15	9.16	8.94
Oct	8.60	8.87	8.87	8.58
Mar	8.36	8.62	8.58	8.35
May	8.35	8.63	0	0
Jul	8.40	8.68	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High	Low
May	84.43	84.70	85.47	84.26
Jul	83.95	84.10	85.00	83.83
Oct	71.86	71.16	72.10	71.50
Dec	68.01	67.58	68.10	67.60
Mar	68.65	68.20	68.75	68.60
May	69.15	68.55	69.15	69.00
Jul	69.03	68.35	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High	Low
Mar	118.05	114.90	118.20	114.50
May	114.30	113.25	114.50	112.70
Jul	114.65	113.25	115.00	112.70
Sep	114.25	113.30	114.50	113.30
Nov	113.50	112.75	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Mar 8	Mar 7	mnth ago	yr ago
1710.0	1707.7	1657.8	1919.5

DOW JONES (Base: Dec. 31 1974 = 100)

	Mar 7	Mar 6	mnth ago	yr ago
Spot	126.01	125.82	121.87	133.56
Futures	130.97	130.63	126.02	135.17

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High	Low
Mar	600/2	592/0	600/4	594/0
May	609/4	601/4	610/0	608/4
Jul	622/6	614/4	623/4	616/0
Aug	627/6	620/0	636/0	622/4
Sep	629/0	621/0	629/4	624/4
Nov	637/4	629/4	638/0	631/4
Jan	648/2	640/0	649/4	643/4
Mar	659/4	650/0	660/0	654/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High	Low
Mar	22.87	22.72	22.88	22.65
May	23.12	22.89	23.13	22.75
Jul	23.54	23.23	23.63	23.15
Aug	23.62	23.28	23.65	23.35
Sep	23.72	23.36	23.73	23.43
Oct	23.70	23.37	23.73	23.54
Dec	24.02	23.62	24.08	23.50
Jan	24.12	23.90	24.10	23.85

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High	Low
Mar	172.1	169.4	172.3	169.6
May	174.7	172.0	175.0	172.8
Jul	178.2	175.5	178.4	176.2
Aug	179.7	177.3	179.8	178.3
Sep	181.0	178.7	181.3	180.0
Oct	182.5	180.0	182.5	181.2
Dec	185.1	183.0	185.4	184.0
Jan	185.2	183.5	186.1	185.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High	Low
Mar	247/6	246/4	248/0	246/2
May	257/0	255/4	257/0	255/6
Jul	265/0	263/0	265/2	263/0
Sep	265/4	263/4	265/4	264/0
Dec	266/2	265/0	266/6	264/6
Mar	273/2	272/0	273/4	271/6
May	278/0	277/4	278/0	277/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High	Low
Mar	275/4	272/6	276/0	272/4
May	283/4	282/2	284/6	281/6
Jul	292/6	292/2	294/6	292/0
Sep	300/6	301/0	303/2	300/0
Dec	316/0	314/0	315/4	313/0
Mar	322/4	323/4	322/4	321/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High	Low
Apr	81.80	81.40	82.00	81.05
Jun	77.87	77.57	78.05	77.25
Aug	75.55	75.32	75.80	75.15
Oct	76.65	76.22	76.80	76.17
Dec	76.85	76.56	76.90	76.42
Feb	76.57	76.35	76.57	76.35
Apr	77.00	76.85	77.00	76.85

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High	Low
Apr	54.87	54.10	54.95	54.00
Jun	58.87	58.70	58.97	58.35
Jul	58.02	57.92	58.10	57.50
Aug	54.82	54.75	54.87	54.50
Oct	49.25	49.15	49.25	48.85
Dec	48.17	48.07	48.35	48.10
Feb	47.65	47.80	47.75	47.65
Apr	46.00	45.90	46.00	0

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High	Low
Mar	67.30	67.20	67.40	66.56
May	67.35	67.77	67.75	66.85
Jul	66.82	67.07	67.25	66.40
Aug	65.55	65.27	65.70	64.75
Feb	61.70	60.60	61.80	60.50
Mar	62.00	60.00	62.00	0

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar strong as Fed eases

DEMAND FOR the dollar was very strong yesterday, helping it shrug off an apparent easing of the Federal Reserve's monetary stance, after disappointing US employment data, and the comment from Mr Nicholas Brady, US Treasury Secretary, that there is "plenty of room" for lower interest rates.

Dealers said the dollar was able to advance, despite the February employment report, because the figures were regarded as historic, failing to take into account the economic benefits of a fast and successful conclusion to the Gulf war.

US unemployment in February rose to 6.5 from 6.2 per cent of the work force. This was the the third monthly climb in a row, and the biggest monthly increase for five years. The market was expecting a rise to 6.3 per cent, and was also surprised to find the fall in non-farm payrolls was 184,000.

Forecasts for the payroll figure varied quite widely, but few analysts were looking for a bigger fall than 100,000. It had also been hoped that the large January fall might be revised down from 232,000, but the figure rose slightly to 233,000.

The Fed appeared to lower the target rate for Federal funds to 6 per cent by adding cash reserves to the New York banking system, with weekend repurchase agreements, when funds were trading at the assumed existing target rate of 6¼ per cent.

The dollar touched resistance against the D-Mark at around DM1.5650, before falling back on the Fed's move. It closed in London at DM1.5630 compared with DM1.5475 on Thursday. The dollar also rose to Y136.20 from Y135.80; to SFr1.3640 from SFr1.3500; and to FFr5.3250 from FFr5.2675. On Bank of England figures the dollar's index rose to 62.8 from 62.4.

Sterling showed little if any adverse reaction to the defeat of the Conservative candidate at the Ribble Valley by-election, losing for the government one of its safest parliamentary seats.

The pound fell 1.45 cents to $1.8720, but continued to improve within the European Monetary System. It climbed to DM2.9250 from DM2.9200 and to FFr9.6675 from FFr9.9375. Against other currencies sterling rose to SFr2.5525 from SFr2.5475 but fell to Y255.00 from Y256.25. Its index declined 0.1 to 93.6.

In the EMS exchange rate mechanism the pound remained above the weakest placed French franc, while the Spanish peseta was up against its ceiling. Recent depressing German economic naws, including yesterday's warning from the Bundesbank that annualised growth of 19.5 per cent in January's money supply was higher than tolerable, had little impact on an already weak D-Mark.

£ IN NEW YORK

Mar 8	Latest	Previous Close
£ Spot	1.8725-1.8735	1.8880-1.8890
1 month	0.97-0.96pm	0.98-0.96pm
5 months	2.66-2.63pm	2.63-2.60pm
12 months	7.72-7.62pm	7.70-7.60pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Mar 8	Previous
8.30 am	93.5	93.6
9.00 am	93.5	93.6
10.00 am	93.6	93.6
11.00 am	93.6	93.6
Noon	93.7	93.7
1.00 pm	93.6	93.6
2.00 pm	93.5	93.6
3.00 pm	93.5	93.7
4.00 pm	93.6	93.7

CURRENCY RATES

Mar 8	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.743092	0.701975
U.S Dollar	6.00	1.40593	1.31796
Canadian $	9.97	1.63060	1.53344
Austrian Sch	7	15.2290	14.4343
Belgian Franc	10.50	44.7226	42.2504
Danish Krone	9½	8.31818	7.88205
[illegible]	[illegible]	[illegible]	[illegible]

* European Commission Calculations.
† All SDR rates are for Mar.7

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.8720	1.8624	1.8459	1.8259	1.7954
D-mark	2.9250	2.9158	2.9015	2.8861	2.8578
French Fr.	9.9675	9.9384	9.8943	9.9235	9.8929
Swiss Fr.	2.5525	2.5431	2.5270	2.5069	2.4668
Yen	255.00	254.06	252.33	249.95	245.34

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Mar 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8680 - 1.8835	1.8715 - 1.8725	0.97-0.95cpm	6.15	2.63-2.60pm	5.59
Ireland†	1.7090 - 1.7160	1.7090 - 1.7100	0.61-0.56cpm	4.11	1.65-1.55pm	5.74
Canada	1.1585 - 1.1640	1.1610 - 1.1620	0.29-0.31cdis	-3.10	0.84-0.89dis	-2.98
Netherlands	1.7480 - 1.7640	1.7605 - 1.7615	0.34-0.36cdis	-2.39	1.00-1.05dis	-2.33
Belgium	31.90 - 32.25	32.10 - 32.20	6.00-8.00cdis	-2.61	18.00-22.00dis	-2.49
Denmark	5.9625 - 6.0075	6.0025 - 6.0075	1.60-1.90oredis	-3.50	4.85-5.45dis	-3.45
Germany	1.5500 - 1.5665	1.5625 - 1.5635	0.30-0.32pfdis	-2.38	0.92-0.95dis	-2.39
Portugal	135.05 - 136.15	136.05 - 136.15	78-83cdis	-7.10	245-260dis	-7.42
Spain	96.40 - 97.40	97.15 - 97.25	62-65cdis	-7.04	173-180dis	-7.26
Italy	1157.25 - 1168.25	1167.00 - 1167.50	5.60-6.00liredis	-5.96	15.70-16.70dis	-5.55
Norway	6.0590 - 6.1000	6.0950 - 6.1000	1.85-2.20oredis	-3.99	5.85-6.35dis	-4.00
France	5.2750 - 5.3350	5.3225 - 5.3275	1.15-1.20cdis	-2.65	3.52-3.62dis	-2.68
Sweden	5.7420 - 5.7780	5.7725 - 5.7775	2.38-2.63oredis	-5.21	7.10-7.35dis	-5.07
Japan	135.75 - 136.60	136.15 - 136.25	0.19-0.21cdis	-1.76	0.48-0.52dis	-1.47
Austria	10.9140 - 10.9750	10.9625 - 10.9675	2.10-2.50grodis	-2.52	6.40-7.50dis	-2.54
Switzerland	1.3480 - 1.3655	1.3635 - 1.3645	0.18-0.21cdis	-1.72	0.52-0.57dis	-1.60
Ecu	1.3145 - 1.3250	1.3175 - 1.3185	0.31-0.29cpm	2.73	0.94-0.88pm	2.76

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

POUND SPOT - FORWARD AGAINST THE POUND

Mar 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8680 - 1.8835	1.8715 - 1.8725	0.97-0.95cpm	6.13	2.63-2.60pm	5.59
Canada	2.1756 - 2.1885	2.1765 - 2.1775	0.59-0.52cpm	3.06	1.51-1.37pm	2.65
Netherlands	3.2870 - 3.3025	3.2925 - 3.3025	1⅛-1cpm	3.87	2⅞-2⅝pm	5.26
Belgium	60.00 - 60.40	60.15 - 60.25	21-15cpm	3.59	51-42pm	3.09
Denmark	11.2020 - 11.2590	11.2375 - 11.2425	2⅝-2⅛orepm	2.74	6⅝-5⅞pm	2.22
Ireland	1.0915 - 1.1110	1.0975 - 1.0985	0.24-0.15ppm	2.13	0.59-0.38pm	1.77
Germany	2.9175 - 2.9280	2.9225 - 2.9275	1-⅞pfpm	3.85	2½-2¼pm	3.25
Portugal	253.00 - 255.05	253.00 - 254.00	9-30cdis	-0.92	89-139dis	-1.8
Spain	180.95 - 182.13	181.85 - 182.15	24-29cdis	-1.75	64-74dis	-1.52
Italy	2177.05 - 2192.60	2184.50 - 2185.50	1lirepm-par	0.27	1pm-par	0.09
Norway	11.3900 - 11.4505	11.4100 - 11.4200	2⅛-1⅞orepm	2.10	4⅞-4⅛pm	1.60
France	9.9270 - 9.9725	9.9625 - 9.9725	3-2⅝cpm	3.46	7⅝-7pm	2.88
Sweden	10.7935 - 10.8365	10.8050 - 10.8150	1-⅛orepm	0.97	1⅝-1pm	0.49
Japan	254.50 - 256.20	254.50 - 255.50	1-⅞ypm	4.41	2⅞-2⅝pm	4.22
Austria	20.52 - 20.59	20.56 - 20.59	6⅞-5⅛gropm	3.68	17⅛-14pm	3.04
Switzerland	2.5410 - 2.5575	2.5475 - 2.5575	1-⅞cpm	4.41	2⅞-2½pm	4.02
Ecu	1.4185 - 1.4215	1.4190 - 1.4200	0.42-0.37cpm	3.34	1.04-0.98pm	2.85

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.64-4.59cpm. 12 Month 7.71-7.61pm

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Mar 8	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.562	-4.55	6.08	79
Italian Lira	1538.24	1531.47	-0.44	1.71	30
Belgian Franc	42.4032	42.2504	-0.36	1.62	25
D-Mark	2.05586	2.05167	-0.20	1.47	23
Dutch Guilder	2.31643	2.31236	-0.18	1.44	16
Irish Punt	0.767417	0.769835	0.32	0.94	-7
Danish Krone	7.84195	7.88205	0.51	0.74	-16
Sterling	0.696904	0.701975	0.73	0.53	-15
French Franc	6.89509	6.98188	1.26	0.00	-60

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

Mar 8	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	13¼ - 13	13¼ - 12⅞	12⅞ - 12⅝	12⅞ - 12⅝	12 - 11⅞	11⅝ - 11⅞
US Dollar	6⅞ - 6⅝	6½ - 6⅜	6¾ - 6⅝	6¾ - 6⅝	6¾ - 6⅝	7⅛ - 6⅞
Can. Dollar	9⅞ - 9⅝	9⅞ - 9⅝	9⅞ - 9½	9⅝ - 9⅜	9⅝ - 9⅜	9⅜ - 9⅛
Dutch Guilder	9¼ - 8⅞	9¼ - 8⅞	9⅛ - 8⅞	9⅛ - 8⅞	9⅛ - 9	9⅛ - 9
Swiss Franc	9⅞ - 8⅞	8⅞ - 8⅝	8⅞ - 8⅞	8⅞ - 8⅞	8⅞ - 8⅞	7⅞ - 7⅞
D-Mark	8⅞ - 8⅞	8⅞ - 8⅞	9 - 8⅞	9⅛ - 8⅞	9⅛ - 8⅞	9⅛ - 8⅞
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

Bank sends warning

WHOLESALE INTEREST rates in London showed little reaction to the ruling Conservative Party's loss of the Ribble Valley UK by-election or to a warning from tha Bank of England about pushing rates down too quickly.

Three-month sterling interbank continued to discount an early cut of ½ point in bank base rates. It was quoted at 12½-12⅜ compared with 12½-12⅜ per cent and 12-month money was unchanged at 11⅞-11⅝ per cent.

Short-sterling futures traded cautiously on Liffe. The most active contract of June opened at 88.79 and closed at the same level compared with 88.80 previously.

UK clearing bank base lending rate 13 per cent from February 27, 1991

There was a very large shortage of day-to-day credit on the cash market and the Bank of England absorbed most of this by lending funds to the market for 14 days at 13 per cent, thus underlining the present level of base rates until about the time of the budget on March 19.

The shortage was initially forecast at £1,550m, bnt this was revised down to £1,500m in the afternoon. Total assistance of £1,462m was provided.

An early round of help was offered and at that time the authorities bought £141m bills, including £41m bank bills outright in band 2 at 12¾ per cent. Another £100m bills were purchased for resale to the market on April 5 at 12⅞ per cent.

Bafore lunch furthar purchases of £216m bills were made, including £116m outright by way of £23m bank bills in band 1 at 12⅞ per cent; £32m Treasury bills in band 2 at 12¾ per cent; and £61m bank bills in band 2 at 12¾ per cent. Another £100m bills were bought for resale to the market on April 5 at 12⅞ per cent.

In the afternoon the Bank of England declined to buy any more bills, but offered to lend money to the discount houses. Tha total amount lent was £1,105m for 14 days at 13 per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,238m, with a rise in the note circulation absorbing £525m and bank balances below target £15m. These outweighed Exchequer transactions adding £250m to liquidity.

At the weekly Treasury bill tender the average rate of discount on 91-day bills fell to 11.7613 from 11.8831 per cent and the average rate on 182-day bills declined to 11.0565 from 11.1305 per cent.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

NEW YORK

[illegible]

LONDON MONEY RATES

[illegible]

FINANCIAL FUTURES AND OPTIONS

[illegible]

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open Int.
March	1865.0	1838.0	-11.0	1871.0	1836.0	9,220
April	1873.0	1860.5	-3.5	1883.0	1860.5	1,230
May	1885.0	1885.0	+9.0	1885.0	1885.0	5
June	-	-	-	-	-	500

Estimated volume 7 989 Total Open Interest 10,955

BANK RETURN

BANKING DEPARTMENT	Wednesday March 8th		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	41,760,972	-	5,772,825
Bankers Deposits	1,542,350,261	-	155,953,369
Reserve and other Accounts	2,943,967,589	+	365,690,320
	4,542,631,822	+	203,964,126
ASSETS			
Government Securities	1,346,848,720	+	115,267,607
Advance and other Accounts	1,699,785,595	-	926,867,308
Premises Equipment & other Secs	1,483,885,096	+	1,013,460,134
Notes	11,897,731	+	2,103,118
Coin	214,680	+	577
	4,542,631,822	+	203,964,126
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,308,102,269	+	17,896,884
Notes in Banking Department	11,897,731	+	2,103,118
	15,320,000,000	+	20,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	9,379,990,714	+	1,344,112,146
Other Securities	5,928,994,186	-	1,324,112,146
	15,320,000,000	+	20,000,000

BASE LENDING RATES

	%		%		%
ABN Bank	13	Co-operative Bank	13	Nat Bk. of Kuwait	13½
Adam & Company	13	Coutts & Co	13	NatWestminster	13
Allied Trust Bank	13	Cyprus Popular Bk	13	Northern Bank Ltd	13
AIB Bank	13	Dunbar Bank PLC	13	Nykredit Mortgage Bank	13½
● Henry Ansbacher	13	Duncan Lawrie	13	Provincial Bank PLC	15
B & C Merchant Bank	13	Equatorial Bank plc	13	Roxburghe Bank Ltd.	14½
Bank of Baroda	13	Exeter Bank Limited	13½	Royal Bk of Scotland	13
Banco Bilbao Vizcaya	13	Financial & Gen. Bank	13	● Smith & Williamson Secs.	13
Bank Credit & Comm	13	First National Bank Plc.	16	Standard Chartered	13
Bank of Cyprus	13	● Robert Fleming & Co.	13	TSB	13
Bank of Ireland	13	Robert Fraser & Ptrs.	13½	Unibank plc	13
Bank of India	13	Girobank	13	● United Bk of Kuwait	13
Bank of Scotland	13	● Guinness Mahon	13	United Mizrahi Bank	13½
Banque Belge Ltd	13	● Hambros Bank	13	Unity Trust Bank Plc	13
Barclays Bank	13	Hampshire Trust Plc	14½	Western Trust	13
Benchmark Bank	13	Heritable & Gen Inv Bnk.	13	Westpac Bank Corp.	13
Brit Bk of Mid East	13	● Hill Samuel	13	Whiteaway Laidlaw	13
● Brown Shipley	13	C. Hoare & Co.	13	Yorkshire Bank	13
CL Bank Nederland	13	Hongkong & Shanghai	13		
● Charterhouse Bank	13	● Leopold Joseph & Sons	13		
Citibank NA	13	Lloyds Bank	13		
City Merchants Bank	13	Meghraj Bank Ltd	13		
Clydesdale Bank	13	McDonnell Douglas Bnk.	13		
Comm. Bk. of London Plc	13	Midland Bank	13		
		Mount Banking	13		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 2346

Conversion 10% Stk 1996 A – £98% .914063 9% .070313 % .101563 ¼ .132813 % .148438 % % % .195319 % .242188 ¾ % %
Exchequer 10½% Stk 2005 – £101% (6Mr91)
Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) – £112%

Corporation and County Stocks

No. of bargains included 6

Greater London Council 6¾% Stk 90/92 – £95 ¼
Croydon Corp 3½% Stk – £25 (6Mr91)
Leeds(City of) 13½% Red Stk 2006 – £117 (4Mr91)
Liverpool Corp 2½% Red Stk 1925(or after) – £22 (6Mr91)
Manchester(City of) 11.5% Red Stk 2007 – £102¾
Newcastle-Upon-Tyne(City of) 11¾% Red Stk 2017 – £97¾
Nottingham Corp 3% Stk (Irrd) – £20 (6Mr91)

UK Public Boards

No. of bargains included nil

Agricultural Mortgage Corp PLC 6¾% Deb Stk 92/94 – £89♦
7¾% Deb Stk 91/93 – £91¼ 2 (6Mr91)
Clyde Port Authority 3% Irrd Stk – £23 (4Mr91)
4% Irrd Stk – £23 (4Mr91)

£119 (6Mr91)
Inco Ld 16¾% Uns Ln Stk 2006 $ Rep Opt – £115 (4Mr91)
Inter-American Development Bank 9¾% Ln Stk 2015 – £91¾ % ¼ % (6Mr91)
International Bank for Rec & Dev 9¾% Ln Stk 2010(Reg) – £90% (6Mr91)
11.5% Ln Stk 2003 – £105% % ¼ % (6Mr91)
Malaysia 10¾% Ln Stk 2009(Reg) – £92 (5Mr91)
New Zealand 11¼% Stk 2008(Reg) – £106¾
11¼% Stk 2008(Br £5000) – £101 (5Mr91)
Nova Scotia(Province of) 11¾% Ln Stk 2019 – £101¾ (1Mr91)
Petroleos Mexicanos 14½% Ln Stk 2006 – £97
Portugal(Rep of) 9% Ln Stk 2016(Reg) – £81¾
Province de Quebec 12¾% Ln Stk 2020 – £106¾ (6Mr91)
Spain(Kingdom of) 11¾% Ln Stk 2010(Reg) – £105% ¾
Sweden(Kingdom of) 9¾% Ln Stk 2014(Reg) – £89¾♦
13.5% Ln Stk 2010(Reg) – £119¾ (4Mr91)
Transcanada Pipelines Ld 16¾% 1st Mtg Pipe Line Bds 2007 – £124 6 (4Mr91)
United Mexican States 16½% Ln Stk 2008(Reg) – £109 (4Mr91)

Banks and Discount Companies

No. of bargains included 5186

ABN-AMRO Hldgs N.V. Ord FL5 –

[illegible]

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Ampol Exploration A$2.6117 ♦ 2.63 ♦ (4/3)
Aust. Development A$1.804 (4/3)
Aust. Foundation Inv 71.6
Boral Ord. Stock 150
City Developments S$0.245
Comdial Corp 30 (1/3)
Commodore International £8.50 ♦ (5/3)
Community Psychiatric Centers $35.476 ♦ (6/3)
Elec & Eltek Co HS0.1083 (1/3)
Harland (John H) Co $21.26 ♦ (6/3)
Highveld Steel & Vanadium R14.2♦
Kern Corp A$0.15,0.16 (6/3)
Keystone International £18.3♦
Killinghall Tin (Malaysia) Berhad Ord $M2.15 (6/3)
Kuala Sidim Rubber M$1.65 (6/3)
Kulim Malaysia Ord 30 (4/3)
Kulim Malaysia Ord (Malay Ord) S$1.3105,1.303 (6/3)
Malayan Credit Y1782.72 (1/3)
Mount Martin Gold Mines 14.31 (6/3)
National Convenience Stores $4.9286 ♦ (5/3)
National Electronics (Consolidated) 3.5, 4.5 (6/3)
North Borneo Timbers S$1.679, 1.0739 (6/3)
North Flinders Mines M$1.7015
Oil Search 24.6 (6/3)
Playmates Hldgs M$5.93 (6/3)
Saab-Scania Ser 'A' SK316.0 (6/3)
Selangor Coconuts M$2.1095 (5/3)
Storer Communications SK314.5 (5/3)
United Overseas Land S$1.81, 1.8, 1.79
Winsor Industrial Corp HS6.95 (5/3)
Wooltru Ord R77.1 (6/3)
Wooltru Class 'A' R76.1 (5/3)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Early gains reduced as account ends

THE DEFEAT of the UK's ruling Conservative Party in an important by-election cooled enthusiasm somewhat in the UK market yesterday and an early gain in the FT-SE Index was halved by the end of the session. In early dealings, the market advanced sharply to challenge this week's new trading peaks; but this prompted significant profit-taking as the market moved to the close of a highly successful two week trading account which has seen equities rise by more than 6 per cent.

While confidence that domestic interest rates will soon be cnt remained high, the setback for Mr Major's government inevitably caused some uncertainty over the near term political outlook. Also, some market strategists expressed reservations concerning the timing of the expected recovery from the recessionary pressures afflicting leading world economies.

Account Dealing Dates		
*First Dealings:		
Feb 25	Mar 11	Apr 2
Option Declarations:		
Mar 7	Mar 27	Apr 11
Last Dealings:		
Mar 8	Mar 28	Apr 12
Account Day:		
Mar 18	Apr 8	Apr 22

*New-time dealings may take place from 8.30 am two business days earlier.

The FT-SE Index touched 2,473.8 at the day's best, about 7 points under Wednesday's higb point, but came hack sharply in the second half of the session when profit taking was stimulated by a slow start to the new Wall Street session, which saw the Dow only 4 points ahead in London bours.

At the close, the FT-SE Index stood at 2,455 for a gain on the day of 17.3 points. The Index has gained 68.1 points over the week, and has twice, during inter day trading, broken through the all time closing peak of 2,463.7, reached at the beginning of January, 1990.

Government bonds had a quiet session and shaded off in late dealings to close barely ⅛ point down. Traders said the outcome of the UK by-election had raised uncertainty over political pressures on the Government's policies, but that there had been only light trading yesterday.

Seaq volume was high, with 736.2m shares traded against 670.8m on Thursday. With the squeeze on marketmakers now abating somewhat, yesterday's total was believed to include significant activity hy the institutions.

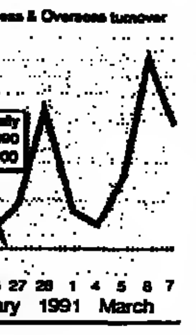
Share prices opened lower but were quickly pulled higher behind an unexpectedly firm start in the stock futures market. However, the premium on the future soon melted away as the institutions sold FT-SE March contracts, and the contract closed with a premium of only a few points to the estimated fair value level which allows for impending dividends and financing costs.

Oil shares again advanced, with BP and Shell leading the sector forward as institutional investors took the view that this hlue chip sector has significantly underperformed over tha past month. In the consumer and tourist sector, confidence was unsettled by news of trading difficulties at International Leisure Group, a leading player in Britain's package travel business.

● The bullish turn in the market has brought a significant increase in customer-based trading. Daily volume has moved sharply above last year's average figure.

London SE volume

Turnover by volume (million)
Excl:
Intra-market business & Overseas turnover



Midland stake hints

HEAVY TRADE in Midland Bank continned, triggering talk that a stakebuilder had been active. Cumulative turnover for the week passed 90m yesterday. This is almost 12 per cent of the company's shares in issue, although that figure is exaggerated because dealing screens count most transactions twice – once for the sale and once for the purchase.

There were suggestions that a far eastern buyer was taking advantage of the weakness in the Midland price in the wake of the unexpectedly sharp cut in the company's dividend payment midweek. Such was the mood in the market that two UK companies were also mentioned as possible predators: Lloyds Bank and Bat Industries. More level-headed marketmakers said they thought the buyers were institutions looking for recovery stocks. Nevertheless, the stories were enough to hold Lloyds unchanged on the day at 362p and limit Bats' rise to 2, at 709p.

Midland was 12 better at one point before closing a net 8 to the good at 197p.

Next unmoved

Another round of bidding for Grattan, the mail order arm of high street fashion house Next, left the market unmoved. Analysts said tha extra £5m offered by Sears made little impact and they were waiting for more significant offers which might pave the way to a bid for the whole company.

Otto Versand, the German mail order company which this week increased its holding in Next to just under 10 per cent, upped the bidding by £1m to £151m. This was countered hy a £155m bid from Sears, which had previously offered £150m.

Next closed ½ lower at 32½p on a turnover of 3.4m shares while Sears saw 1.7m shares traded but remained stable at 94p.

BAA uneasy

The collapse of privately owned holiday company ILG reverherated through the transport sector. The main victim was BAA, which will see a cut in income from Gatwick, London's second airport, as a result of the grounding of aircraft owned by Air Europe, part of ILG.

Mr Richard Hannah at UBS Phillips & Drew said thet revenues lost from Gatwick would in the worst case be 15 per cent of the income, or £36m a year if the traffic from Air Europe were not replaced by other carriers. Since airport costs are largely fixed, this would be close to the lost profit too.

However Mr Peter Bergius at Klainwort Benson struck a more optimistic note saying that most of the lost landing slots at Gatwick would be filled. He hlamed BAA's fall of 5 to 415p on profit taking, saying that the stock had outperformed the rest of the market by 11 per cent over one month.

Also affected was Davies and Newman, which runs Dan-Air, a rival short haul operator to Air Europe. Davies and Newman rose 40 to 155p. Mr Bergius said the company would benefit at a time when there was a shortage of travellers.

Reuters continued to benefit from Henderson Crosthwaite's buy recommendation based on prospects for its Globex futures trading service. The broker says Globex is likely to begin operation in Chicago by June. Reuters was 31 higher at its best and closed 17 up on the day at 880p. Turnover was unusually high for the second day in succession at 4.5m.

BTR was hit by profit taking triggered in turn by rumours that the recent good performance of the shares might prompt the management to announce a right issne with the final results on March 13. The shares lost 12 to 382p.

Profit takers continued to take their toll at Glaxo in a week when the stock's marathon run of record highs inclined even its most ardent supporters to acknowledge there might he some short term weakness. A trade press article has suggested that the US patent on its best selling drug might run out sooner that some had anticipated and the Stock Exchange revealed that a director had on Thursday sold almost 22,000 Glaxo shares at 1018p. Glaxo slipped 10 to 998p.

Fisons managed to fend off the profit takers thanks in part to a positive assessment from James Capel. The broker held an internal meeting to decide whether the stock should remain on its elite A-1 list - only six others are so labelled. The answer was "yes" with Mr Robin Gilbert at Capel saying that Fisons had the lowest rating among big drug companies.

Barclays climbed 15 to 463p ahead of going ex-dividend on Monday.

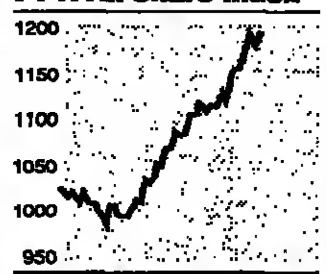
Oils were in demand ahead of the Opec conference which starts on Monday. The conference will discuss restricting outpnt to shore up crude prices.

BP and Britisb Gas were bought for their yields against other utilities. BP picked up 9 to 344p and Gas rose 3 to 252p. Shell climbed 4 to 484p on the back of brokers' recommendations and Enterprise gained 14 to 611p in thin trading ahead of results on March 13.

MTM, a specialist chemicals group, rose 4 to 206p on a turnover of 16m. The bulk of the trade consisted of a 7.4m share placing by ICI which had decided to offload its 8 per cent stake in the company. BZW bought the shares at 199p and 7.2m were sold to more than 20 clients at 201p. ICI hardened 7 to 1078p.

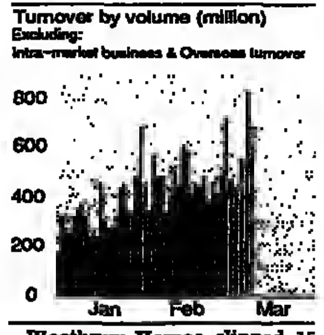
News that computer services group Logitek had received an unsolicited hid approach send the shares np to 34p before they settled at 28p, just 2 up on balance. After the market closed Logitek said that Microvitec, a USM-quoted computer peripherals manufacturer, was offering 34p a share. Microvitec had closed a penny up at 19¼p.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Westhury Homes slipped 15 to 185p after the group announced that its performance in the second half of its financial yaar had been affected by "particnlarly adverse trading conditions" and its margins and prices had been sqneezed.

The building products group Meyer International was hit by news that the Soviet Union was cutting the price of timber. Fears that the company would be forced to write down its stocks shaved 4 off the price which closed at 439p.

Taylor Woodrow lost 11 to 271p ahead of figures due out on Monday.

A profits warning sent Quicks Group, the north-west and Midlands motor distributor, 22 lower to 55p. The company said management accounts indicated "that there has been a marked deterioration in the group's trading results and that the group had traded at a loss after exceptional provision for bad debts."

A profit warning also hit Norfolk House Group, a developer of petrol service stations, which slumped 82 to 62p.

A small slide in final profits to £4.2m for Perry Group, the south of England motor dealer, was a mnch better result that the £3m analysts had expected. The shares jumped 15 to 148p.

Polypipe, the South Yorkshire-hased maker of plastic pipes and fittings, which announced raised profits earlier in the week, gained 11 to 183p after Mr Kevin McDonald, the chairman, had taken his beneficial holding above 30 per cent. A block yesterday of 1.9m shares followed two large trades on Thursday, one of 1.9m shares and one of 600,000.

Victaulic, the maker of plastic pipe and fittings for the water and gas Industries, roose for the second day in a row after impressive results. Tbe shares closed 11 at 453p.

Telfos the engineering group lost 10 to 102p as hopes that tbe Austrlan angineering group Jenbacher Werke would take a stake faded. Unidare, the Duhlin electrical group, climbed 35 to 250p following good results this week.

USM-quoted ASD, the largest independent steel stockholder in the UK, lost earlier gains from its announcement that its was in talks with a potential bidder. ASD fell 5 to 78p.

Analysts continued to publish huy recommendations for Guinness in the wake of the company's relative underperformance in the recent rally and ahead of figures on March 21. Among them was UBS Phillips & Drew, which said investors should switch out of Grand Metropolitan. Kleinwort Benson was also cautious on GrandMet on a six month view. Guinness closed a penny off the day's best at 850p, a net rise of 24, while GrandMet ended 5 below its high at 748p, np 11 on balance.

In an otherwise quiet property sector, Speyhawk climbed 7 to 93p after revealing it had leased the whole of the River Building, above Cannon Street station in tha City, to the London International Financial Futures Exchange. No price or rent details were given.

■ Other market statistics, Including tha FT-Actuarles Share Index and London Traded Options, Page 9.

NEW HIGHS AND LOWS FOR 1990/91

NEW HIGHS (124).
BRITISH FUNDS (7) AMERICANS (2) BANKS (5) BREWERS (8) BUILDINGS (8) CHEMICALS (2) STORES (10) ELECTRICALS (11) ENGINEERING (1) FOODS (8) INDUSTRIALS (22) Barls, British Aerospace Cnv. Prf., British Polythene 7½pc Prf., Capita, China Light, Creighton Naturally, Daimler-Benz, De La Rue, Fisons, Hepworth, Huntleigh Tech., Hutchison Whampoa, Inchcape, London Intl., Medeva, NMW Computers, Portals, Rank Org. 8¼pc Cnv. Red. Prf., Silentnight, Tomkins 5¼pc Prf., Do. 5.6pc Cnv. Prf., Vinten, INSURANCE (2) LEISURE (3) MOTORS (2) NEWSPAPERS (2) PAPERS (3) PROPERTY (2) SOUTH AFRICANS (2) TRUSTS (32) OILS (1) MINES (1).
NEW LOWS (8).
CANADIANS (1) BANKS (1) INDUSTRIALS (1) Norfolk House, MOTORS (2) TRANSPORT (1) TRUSTS (1) MINES (1).

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	61	17	8	272	93	65
Corps, Dom. & Foreign Bonds	4	1	16	20	8	77
Industrials	528	215	810	3,022	1,043	3,696
Financial and Props	278	68	401	1,431	416	1,888
Oils	32	14	46	137	76	247
Plantations	2	0	a	4	2	44
Mines	52	29	82	195	147	473
Others	65	45	45	321	188	252
Totals	1,022	389	1,416	5,402	1,973	6,742

FINANCIAL TIMES STOCK INDICES

	Mar 8	Mar 7	Mar 6	Mar 5	Mar 4	Year Ago	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
Government Secs	85.15	85.13	84.84	84.74	84.81	76.98	85.68 (19/2/91)	74.13 (30/4/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.32	93.33	93.27	93.21	93.15	87.18	94.23 (19/2/91)	83.80 (30/4/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1958.7	1950.6	1977.5	1946.0	1918.1	1763.8	1977.5 (6/3/91)	1510.4 (24/9/90)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	143.2	143.4	142.7	142.5	143.0	275.8	378.5 (8/2/90)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2455.0	2437.7	2459.9	2420.1	2382.9	2234.3	2463.7 (3/1/90)	1990.2 (28/9/90)	2463.7 (3/1/90)	986.9 (23/7/84)
FT-SE Eurotrack 200	1133.31	1127.13	1130.24	1106.10	1094.59	-	1133.31 (8/3/91)	938.62 (16/1/91)	1133.31 (8/3/91)	938.62 (16/1/91)

	Mar 8	Mar 7	Mar 6	Mar 5	Mar 4	Year Ago
Ord. Div. Yield	4.95	4.98	4.87	4.95	5.03	4.99
Earning Yld %(full)	9.45	9.50	9.24	9.58	9.73	11.73
P/E Ratio(Net)(☆)	13.04	12.98	13.34	12.83	12.63	10.30
SEAQ Bargns 4.45pm	52,221	51,558	58,857	38,710	37,518	30,182
Equity Turnover(£m)†	-	1384.22	1779.00	1290.69	877.23	1038.50
Equity Bargains†	-	55,035	58,682	39,828	38,248	31,355
Shares Traded (ml)†	-	686.0	830.5	558.7	429.3	276.4

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 12.69

Ordinary Share Index, Hourly changes — Day's High 1975.7 — Day's Low 1944.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1944.0	1956.1	1969.7	1970.1	1970.2	1972.3	1972.3	1965.9	1956.1

FT-SE 100, Hourly changes — Day's High 2473.8 — Day's Low 2433.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2433.4	2447.7	2468.7	2468.7	2467.7	2471.1	2468.1	2465.3	2451.1

FT-SE Eurotrack 200, hourly changes — Day's High 1140.13 — Day's Low 1133.31

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1137.63	1137.98	1137.53	1137.36	1138.98	1138.12	1138.06

GILT EDGED ACTIVITY

Indices*	Mar 7	Mar 6
Gilt Edged Bargains	102.6	102.0
5 – Day average	99.3	99.8

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	146	138		Courtaulds	373	388	+2	MEPC	4,400	537		Smith (W.H.) A	178	358	+4
ASDA Group	3,700	138	+1	Dalgety	424	308	+1	Manpower	150	72		Smith & Nephew	6,600	114½	+1½
Abbey National	5,000	272		Dixons	1,300	178	-2	Manweb	411	219	+1	SmithK Beecham	3,800	780	+6
Albert Fisher	3,800	129	+3	ECC Group	2,800	408	+13	Marks & Spencer	8,300	246½	+3½	SmithK Beecham Uts	368	[illegible]	+18
Allied-Lyons	2,200	540	+8	Eastern Elect.	1,300	168½	-1½	Maxwell Comms.	506	148	-1	Smiths Inds.	99	282	+3
Amstrad	2,000	72	+1	East Midland Elect.	1,300	191	-1	Midland Bank	12,000	197	+8	Southern Elect.	1,500	180	
Anglian Water	1,200	304	-1	Enterprise Oil	1,300	611	+14	Midlands Elect.	393	183		South Wales Elect.	409	217	+1
Argos	1,100	285	+3	Eurotunnel Units	849	505	+2	NatWest Bank	10,000	332	+3	South West Water	351	313	+3
Argyll Group	5,500	282	+3	FKI	1,900	58½	+½	Next	3,400	32½	-½	South West. Elect.	663	189	+2
Ass. Brit. Foods	304	477½	-½	Ferranti	10,000	16	+1	North West Water	4,100	308	+2	Southern Water	658	287	+2
BAA	4,500	413	-5	Fisons	4,500	458	+8	Northern Elect.	233	199	-1	Standard Chartd.	677	318	+3
[illegible]				[illegible]				[illegible]				[illegible]			
British Land	873	317	+1	ICI	2,200	1078	+7	Rolls Royce	20,000	184	+6	United Biscuits	644	371	-8
BP	12,000	344	+9	Inchcape	1,500	323	+6	Rothmans	828	813		Utd. Newspapers	325	372	+7
British Steel	10,000	139½	-1	Kingfisher	3,100	437	-3	Ryl Bk Scotland	1,700	199		Water Package Uts.	2	13073	+18
British Telecom	14,000	332	+1	Ladbroke	7,600	274	+10½	Royal Insurance	3,700	482	+5	Wellcome	940	512	-7
Bunzl	780	87	-1	Land Securities	1,000	545	-2	Saatchi	8,100	23¼	+1	Welsh Water	258	332	+1
Burmah Castrol	635	575	+9	Laporte	357	582	+5	Sainsbury	2,000	336	+4	Wessex Water	547	359	+1
Burton	7,300	95½	+½	Legal & General	1,200	437	+4	Scottish & New	1,600	402	+6	Whitbread 'A'	607	458	
Cable & Wire	2,200	533	-1	Lloyds Abbey	922	408	+6	Sears	1,700	94		Wiggins Teape	1,100	228	
Cadburys	1,300	378	+2	Lloyds Bank	1,800	362		Sedgwick	2,200	252	+2	Williams Hldgs.	1,800	261	+6
Calor Group	117	238	+3	LASMO	1,400	381	+11	Seeboard	170	179	-2	Willis Corroon	3,800	301	+6
Carlton Comms.	526	449	+10	London Elect.	868	185	-1	Severn Trent Water	2,000	287	+2	Wimpey	1,000	199	+1
Coats Viyella	3,300	148		Lonrho	1,300	241	-1	Shell Transport	7,400	484	+4	Yorkshire Elect.	1,300	201½	+1½
Comm. Union	1,100	503	+6	Lucas	2,800	169	+2	Siebe	101	415	+3	Yorkshire Water	598	312	+2
Cookson	1,400	140	+1	MB Caradon	1,700	217	+2	Slough Ests	737	262	+1				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

EQUITY FUTURES REVIEW

The derivatives sector reverted to its more conventional role at the opening of trading yesterday hy providing upwards motivation for the underlying stock market. Pre-market indications had suggested that share prices would open lower in the aftermath of the heavy government defeat in a UK by-electon but initial falls were quickly trimmed when the FT-SE futures contract opened higher.

The March contract showed a premium of 30 points to the underlying index, implying a small premium against fair valne, tha theoretical level which allows for financing costs and dividend flows. Eqnity marketmakers were slightly surprised by this and share prices were marked up in some haste. With the market inclined to self-feeding enthusiasm, gains in blue chip stocks were rapidly extended. However, traders stressed that trading volume in tha stock futures market was very thin indeed.

Earlier this week, the futures and options had been to some extent sidelined as institutional buyers of shares moved directly into the equity sector; the frenzy to bny shares increased when the FT-SE Index challenged its existing all time peaks on Wednesday.

However, the premium on the March future hegan to melt away yesterday in the face of significant selling by institutions.

LEADERS AND LAGGARDS

Percentage changes since December 31 1990 based on Thursday 7 March 1991

Textiles	+	26.80	Business Services	+	15.85
Electricals	+	24.44	Financial Group	+	15.82
Packaging & Paper	+	24.24	Insurance(Life)	+	15.02
Contracting,Construction	+	23.42	Media	+	14.96
Electronics	+	23.02	Electricity	+	14.92
Engineering-General	+	22.67	All Share Index	+	14.88
Chemicals	+	22.07	Transport	+	14.43
Conglomerates	+	21.49	500 Share Index	+	14.37
Other Industrial Materials	+	21.00	Consumer Group	+	13.19
Capital Goods	+	20.42	Food Manufacturing	+	12.48
Metals & Metal Forming	+	20.13	Water	+	12.37
Banks	+	18.89	Food Retailing	+	11.81
Motors	+	18.54	Hotles & Leisure	+	11.58
Investment Trusts	+	18.39	Engineering-Aerospace	+	11.46
Other Groups	+	18.26	Stores	+	11.40
Merchant Banks	+	18.18	Property	+	8.32
Building Materials	+	17.68	Brewers and Distillers	+	8.28
Health & Household Products	+	17.62	Insurance(Brokers)	+	6.52
Insurance(Composite)	+	17.41	Oil & Gas	+	6.52
Telephone Networks	+	17.30	Gold Mines Index	-	7.24
Industrial Group	+	16.23			

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-30	+01/32	10.64	10.74	11.18
		9.000	03/00	93-31	-	10.03	10.18	10.07
		9.000	10/08	93-13	-04/32	9.79	9.88	9.83
US TREASURY *		7.750	02/01	97-20	-09/32	9.10	9.09	7.87
		7.875	02/21	95-15	-22/32	8.27	8.26	8.05
JAPAN	No 119	4.800	6/99	88.3709	+0.284	7.02	7.11	6.61
	No 129	6.400	03/00	98.5892	+0.084	6.65	6.73	6.45
GERMANY		9.000	01/01	104.5500	-0.100	8.29	8.36	8.46
FRANCE	BTAN	9.000	02/96	99.4890	+0.303	9.12	9.23	9.66
	OAT	9.500	01/01	103.5000	+0.160	8.94	9.06	9.29
CANADA *		9.750	06/01	101.2500	+0.350	9.55	9.62	9.75
NETHERLANDS		8.500	03/01	99.6000	+0.100	8.56	8.65	8.62
AUSTRALIA		13.000	07/00	108.8983	-0.066	11.42	11.62	11.45
BELGIUM		10.000	08/00	105.2500	+0.150	9.12	9.05	9.15

London closing, *denotes New York morning session
Yields: Local market standard — Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Silver price surges above $4 an ounce

"SILVER'S GONE mad," said one New York dealer yesterday as its price climbed to the highest level since the start of the Gulf war on January 17. At the London bullion market the price was "fixed" in tha morning at 400.10 US cents a troy ounce and by the close it stood at 416.50 cents, 44 cents up on the week and 16.5 per cent above the 17-year low reached only 12 days ago.

In the search for an explanation for this performance the question of whether silver was still a precious metal or had been demoted to the ranks of the industrial metals appeared to be irrelevant. Gold rose a comparatively modest 3.85 cents on the week to $365.40 an ounce, while at the London Metal Exchange hase metals prices were generally showing small losses.

Nevertheless, the nearest thing to a fundamental factor for the silver market was the world-wide impcovement in economic sentiment following the end of Gulf hostilities, underpinned by the Federal Reserve chairman's suggestion this week that the US recession might be shorter than expected.

Probably more pertinent to silver's fortunes, however, was the technically "oversold" situation that had developed in thet market during its earlier precipitous fall, which had pushed tha gold/silver price ratio above 100:1 for the first tima ever. That appears to have been the signal for precious metals market analysts to take a fresh look at the patterns displayed by their silver charts: and they obviously liked what they saw.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	−425	to 324,500
Copper	+1,300	to 209,150
Lead	−750	to 73,150
Nickel	+24	to 6,308
Zinc	−75	to 56,375
Tin	−280	to 19,825

At the London Mstal Exchange, meanwhile, dealers were evidently less impressed than their counterparts in the silver and equities markets by the promise of a shorter and shallower recession than had been feared. With production of most base metals already in surplus the prospect of a slower decline in consumption may have discouraged sellers but there was little sign of it encouraging buyers.

Of the six base metals traded on the LME only two – nickel and lead – snded with net gains on the week.

Cash copper, depressed hy news of a 12 per cent fall in US January family home sales and the continuing rise in LME warehouse stocks - sank to £1,287.50 a tonne before steadying yesterday to end £17.50 down on the week at £1,301 a tonne.

Zinc and aluminium prices also ended the week with modest losses, as did tin, having rallied yesterday from a life-of-contract low.

Tin's steadier finisb was encouraged by a forecast from the Association of Tin Producing Countries, which has been meeting this week in Kuala Lumpur, that world stocks of the metal will fall by 13,000 tonnes to 32,700 tonnes by the end of this year.

The failure of the association's three-year-old "supply rationalisation scbeme" to hring tin stocks down to a manageabla level has been the main factor weighing on the market. But market forces now appear to be succeeding where supply management has failed.

The growing list of recent mine closures – notably in Brazil, Malaysia and the UK – was added to this week with the announcement that production was being stopped at the Renison mine in Tasmania, which has been producing more than 90 per cent of Australia's 7,500-tonnes-a-year annual output. And further closures are expected. Mr Andy Shaw of the Metals and Minerals Research Services consultancy organisation said this week thet virtually every tin mine in the world was now losing money.

The only price advance of any size on the LME this week was cash lead's £14 rise to £328 a tonne – the highest level since before Christmas. Dealers said the lead market was still affected by various supply disruptions and was given a further boost this week hy sterling's weakness against the US dollar.

At the London Futures and Options Exchange the cocoa market, which had staged a tentative rally last week, began this week with prodocer selling conspicuous by its absence but buyers still holding back. As one dealer described it, the market was "in a vacuum. . . not sure whether to break up or down".

That vacuum was sooo filled, bowever – by buyers – and witb reports of Soviet interest fuelling the upturn prices put in the strongest performance for some time. At last night's close the May futures position was quoted at £680 a tonne, up £47 on the week, having weathered a bout of profit-taking on Thursday.

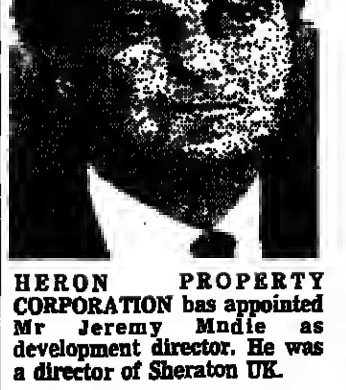
Richard Mooney

APPOINTMENTS

Enterprise banking post at the Midland

■ Mr John Holloway has been appointed enterprise banking director, MIDLAND UK BANKING. He was retail banking director, central region, and will be responsible for the small and start-up business service. He succeeds Mr John Adcock who has become credit and risk director, Forward Trust Group.

■ COMBINED ROAD SERVICES, Sandbach, has appointed Mr Alan Grant as commercial director designate.



HERON PROPERTY CORPORATION bas appointed Mr Jeremy Mndie as development director. He was a director of Sheraton UK.

■ RYDER TRUCK RENTAL bas appointed Mr Bill Gillibam as group sales and marketing director, a new post, and Mr Clive Stokes as director of personnel. Mr Gilliham was sales and marketing director of Boss Trucks. Mr Stokes was director of buman resources for Budget Rent-a-Car International.

■ KILLICK & CO, stockbrokers, has appointed Mr Graeme Hatch to head a newly-formed private client traded option section. He was in charge of Scrimgeour Vickers (Asset Management) options desk.

MANWEB has appointed Mr Richard F. Morgan (pictured) as non-execntive depnty chairman. He was finance director of BICC. He is a dlrector of Charterhonse Bnsiness Expansion Fund Management, and of Scholes Group.

■ HOOPER & CO (COACHBUILDERS) has appointed Mr Ross MacDougall as production director. He was general manager, truck assembly, Renault Truck Industries.

■ ARAB BANK, Jordan, has seconded Mr Elie El Hadj to Arab National Bank, Saudi Arabia, as managing director. Ha is succeeded as regional manager in London by Mr John C. Carney.

Mr David Horne (pictured), chairman and chief executive of Lloyds Merchant Bank, has heen appointad a non-execntive director of WATERMAN PARTNERSHIP HOLDINGS. He replaces Mr John Storar who has retired.

■ The Marquess of Huntly has been appointed president of THE INSTITUTE OF FINANCIAL ACCOUNTANTS in its 75th anniversary year.

■ Miss Anne Dickinson has been appointed a non-executive director of THE BIRKDALE GROUP. She was executive chairman of The Rowland Co.

■ Mr Brian Illingworth has been appointed manufacturing director of McKechnie PBC and McKechnie Snap Secure, both part of McKECHNIE PACKAGING.

■ U.A. PROPERTIES, Perth, has appointed Mr Patrick Milne Home to manage iis land agency department. He is chairman of the land use committee of the Scottish Landowners Federation.

■ Mr Nigel Moreton has been promoted from manager, corporate finance, to director, finance, at AT&T ISTEL, Redditch.

■ PRUDENTIAL CORPORATION has appointed Mr Jeremy Wyatt as director of corporate communications from March 7. He was deputy managing director at Biss Lancaster.

■ Mr John Bulteel, managing director of Ecomax (UK), has been appointed chairman of the NATIONAL CAVITY INSULATION ASSOCIATION, Haslemere, Surrey.

■ Rear Admiral Michael Anthony Vallis has been appointed president of THE INSTITUTE OF MARINE ENGINEERS for two years.

■ Mr Douglas M. Ritchie, managing director and chief executive of British Alcan Aluminium, has been elected president of the ALUMINIUM FEDERATION.

■ Sir Gawaine Baillie, managing director of H.P.C. Engineering, has been appointed president of THE BRITISH COMPRESSED AIR SOCIETY.

■ Mr Peter Buckland has been appointed executive director of NATIONAL ELECTRICAL DISTRIBUTORS ALLIANCE. He was managing director of Wellco Electric, part of BTR.

■ Mr Alan Gale has been appointed an executive director of WORLD TRADE PROMOTIONS, Sutton, an exhibitions organiser.

■ Mr Robert Wood, managing director, Plaxton Group, has been appointed chairman of THE INSTITUTE FOR THE MOTOR INDUSTRY.

FT MANAGED FUNDS SERVICE

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IV

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made 04 sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might 04 moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (●) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not 04 the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set at the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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FT MANAGED FUNDS SERVICE

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TSB Unit Trusts (1200)H
Charlton Pl, Andover, Hants SP10 1RE 0264 346794

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB American	6	124.59	125.46	133.46	-0.47	0.37
Do Accum	6	136.16	137.14	145.09	-0.73	0.37
TSB Brit Growth	6	72.8	73.9	78.61	-0.92	3.38
Do Accum	6	80.48	81.7	86.97	-1.02	3.38
TSB European	6	74.15	74.52d	79.27	-0.88	1.07
Do Accum	6	76.84	77.22d	82.14	-0.89	1.07
TSB Extra Income	6	160.22	163.7d	174.14	-1.96	5.00
Do Accum	6	231.07	236.09d	251.15	-2.72	5.00
TSB Smaller Cos	6	42.65	44.21d	47.03	-0.28	2.71
Do Accum	6	45.15	46.79d	49.77	+0.5	2.71
TSB General	6	223.78	223.78	238.06	-2.64	3.5
Do Accum	6	417.34	417.34	444.19	-4.93	3.6
TSB Premier Income	5	43.94	44.55	46.4	-0.23	8.69
Do Accum	5	78.63	79.72	83.04	-0.42	8.69
TSB Income	6	302.17	307.5	327.12	-3.34	4.89
Do Accum	6	561.73	571.63	608.11	-6.58	4.89
TSB Pacific	6	216.21	218.08	231.94	-0.57	0.2
Do Accum	6	224.96	226.86	241.33	-0.6	0.2
TSB International	6	378.09	378.09	402.22	+2.3	0.8
Do Accum	6	484.98	484.98	515.93	+2.97	0.8
TSB Nat Resources	6	59.8	60.87	64.75	+0.0	1.07
Do Accum	6	64.37	66.09	70.25	+1	1.07
TSB Sield Opps	6	78.45	80.15d	85.26	+0.31	3.03
Do Accum	6	94.51	96.56d	102.72	+0.46	3.83
Environmental Inv	6	46.0	46.78d	49.70	+0.99	2.14
Do Accum	6	47.46	48.26d	51.34	+1.01	2.14
TSB Selector	6	48.04	48.78	51.89	+0.54	3.97
Do Accum	6	49.51	50.27	53.47	+0.55	3.97
TSB High Income	6	50.93	51.82	55.12	+0.31	5.77
Do Accum	6	52.28	53.2	56.59	+0.32	5.71
TSB Intl Income	6	49.70	50.09	53.28	+0.24	6.66
Do Accum	6	49.78	50.09	53.20	+0.24	6.66
TSB Selector Income	6	50.27	50.83	54.07	+0.4	6.1
Do Accum	6	50.27	50.83	54.07	+0.4	6.1

Target Trust Mngrs Ltd (1600)F
Target Hse, Gatehouse Rd, Aylesbury, Bucks.
Admin: 0296 394000 Dealing: 0296 512196

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Eagle	5	72.65	72.00	77.40	-0.41	1.10
Australia	5	5.503	5.503d	5.893	-0.03	4.32
Equity	5	161.8	161.8	173.5	+1.0	4.62
Euro Spec Sits	5	110.0	110.0	118.2	+0.5	0.58
Financial	5	29.00	29.00	31.20	-0.17	4.79

M & G Securities Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Charibond	100.70	100.70	+0.1	10.70
(Accum Units)	548.41	548.41	+0.4	10.70
NAACIF Mar 5	-	41.94		9.62

Morgan Grenfell Unit Trust Managers Ltd
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity † Mar 3	125.0	133.6	....	2.93
UK Small Co † Mar 5	401.1	519.0	....	2.06
Fixed Interest † Mar 5	105.1	110.5	...	8.84
US Small Co Mar 5	131.6	140.3	..	0.00
Managed Mar 5	105.4	110.0	..	1.32
Intl Bond Mar 5	111.5	117.6	..	7.78
Japan Mar 5	68.98	73.76	..	0.93
Europe Mar 5	83.80	89.72	..	1.66
Nth American Mar 5	94.83	101.8	.	1.38

Murray Johnstone UT Mngmt
Murray Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Amer Expt Mar 6	45.56	47.37d	..	3.20
Euro Expt Mar 6	49.92	52.62d	.	2.23
Fixed Int Ex Mar 6	46.16	47.51	-	10.48
Japan Expt Mar 6	43.15	44.87	..	0.63
Managed Ex Mar 7	43.85	45.01	.	4.30
SE Asia Expt Mar 6	64.01	67.20	.	4.61
Sm Cos Expt Mar 6	31.52	33.09	..	6.49
UK Eqty Ex Mar 6	39.84	41.83d	.	3.93

Phillips & Drew Fund Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Small Co's Mar 6	688.4	732.6	.	4.86
Do Accum	773.8	822.8	.....	4.86
Int Expt Mar 6	168.6	171.4	.	2.9
UK Index Mar 6	1152.0	1174.0	...	9.95
Do Accum	1232.0	1255.0	.....	6.95
Convertible Mar 1	61.19	94.0	...	7.97
World ex UK Index Mar 4	733.8	743.1	....	1.96
Do Accum	733.8	743.1	....	1.96
Japan Index Mar 4	577.2	585.2	..	0.5
Do Accum	678.6	686.6	..	0.6
USA Index Mar 4	878.7	884.6	.	3.17
Do Accum	900.4	906.1	.	3.17
Europe ex UK Index Mar 5	852.5	872.1	.	2.78
Do Accum	871.8	891.8	.	2.78

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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FT MANAGED FUNDS SERVICE

N & P Life Assurance Ltd

National Financial Management Corp PLC

National Mutual Life

National Provident Institution

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Pegasus Assurance Ltd

For Pioneer Mutual see Swiss Pioneer

Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd

Prolific Life & Pensions Ltd

Property Equity & Life Ass. Co

Prosperity Life Assurance Ltd

Providence Capital Life Assr. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Prudential Assurance Co

Prudential Holborn Life Ltd

Prudential Holborn Pensions Ltd

Prudential Pensions Limited

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Heritage Life Assurance Ltd—Contd.

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Standard Life Assurance Company

Sun Alliance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Sun Life Unit Assurance Ltd—Contd.

Swiss Life (UK) PLC

Swiss Pioneer Life Plc

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Templeton Life Assurance Limited

Tunbridge Wells Equitable

Tyndall Life Assurance

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

OFFSHORE INSURANCES

CMI Insurance Co Ltd—Contd.

Eagle Star Intl Financial Services

Equitable Life Assce Society

Equity & Law Intl Life Assce Co Ltd

Eurolife Assurance Group

Finisterre Life Assurance Co Ltd

Hansard International Ltd

Isle of Man Assurance Ltd

NEL Britannia International Ltd

Premium Life International Ltd

Providence Capital International Ltd

Royal Life Intl. Ltd

Royal Skandia Life Assurance Ltd

Target International Group

MANAGEMENT SERVICES

The Analysis Group PLC

Bryan Walls & Partners Ltd

James Campbell & Son Financial Services

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

Chase de Vere PLC

Fairmount Gilts Rels Ltd

Johnson Fry Financial Services Ltd

Rothschild Asset Management

Royal Bank of Canada Funds

GUERNSEY (REGULATED)

Adams & Neville Fund Mngt (Guernsey) Ltd

Credit Suisse Asset Mngmt (Guernsey) Ltd

Hambros Fund Managers (CI) Ltd

Henderson Admin. (Guernsey)

Hill Samuel Fd. Mngrs. (Guernsey) Ltd

Kleinwort Benson Intl Fd Mngrs Ltd

Lazard Fund Mngrs (CI) Ltd

Merrill Lynch Guernsey

Schroder Investment Mngmt (Guernsey) Ltd

Stonehage Fund Mngrs Ltd

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	Bid Price	Offer Price	+ or -	Yield Gross
U.S. Treasury Securities Fund Ltd				
Short Term Shares	$753.12			-
Fixed Income Shares	$874.08		.....	-
Yamaichi Capital Magmnt (Guernsey) Ltd				
Japan Meta Growth	$11.12		+0.09	-
Yamaichi ISS Fund	$8.07		+0.06	-
Yamaichi CB Plus Fund	$8.77		+0.03	-
Thai Inv Fund	$11.39		...	-

IRELAND (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
GAM Fund Management Ltd (u)						
29 Kildare Street, Dublin						010 353 1760 630
GAM Universal US $ Acc		$-	112.26		.....	-
GAM Universal US $ Inc		$-	112.26			-
GAM Universal DM Acc		DM-	112.28		-1.11	-
GAM Universal DM Inc		DM-	112.28		+1.11	-
MI Global Asset Magmt Co Ltd "MI Trusts"						
MI Global Dollar		$-	1.01	1.08	.....	-

IRELAND (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Bank of Ireland Unit Managers Ltd				
Global Scap.	$9.95	10.25	.....	-
European Bond	[illegible]	[illegible]	.....	-
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$14.10	14.88	+0.04	1.05
Japan Tech	$62.57	65.71	+0.71	-
Japan Fund	$26.41	27.74	+0.41	0.17
Japan New Cents Fd	$19.01	20.06	+0.16	-
Malay Sing	$57.56	60.45	+0.44	0.31
Nth American	$20.80	21.86	+0.02	0.58
Octopus Fund	$21.02	22.00	+0.17	0.88
Pacific Fd	$52.75	55.40	+0.61	-
International Bond	$16.59	17.43	+0.12	6.99
Trinar Warrant	$12.17	12.78	+0.25	-
Mngt Portfolio (Stlg)	£4.09	4.41	+0.01	-
Mngt Portfolio (Dllr)	$10.44	11.06	+0.01	-
Currency Fd-Sterling		£18.39	+0.01	-
Currency Fd-US Dollar		$14.00	.....	-
Curr Fd-Deutschemark		DM38.87	+0.01	-
Curr Fd-Managed S	$42.48	44.60	+0.15	-

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
INVESCO MIM International (Jersey) Ltd						
PO Box 271, St Helier, Jersey						0534 73114
Jersey Gilt (z)	5¼	[illegible]				
Lloyds Bank (CI) U/T Mgrs.						
PO Box 195, St Helier, Jersey						0534 27561
Lloyds Tst Gilt	2½	9.563	9.558	9.608	[illegible]	11.32
Dealing daily						
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey						0534 37788
Intl Circuit Portfolio	6	99.52	99.52	105.57	+1.45	0.00
Gilt	3	93.60	93.60	96.52	+0.15	10.36

For MIM see INVESCO MIM

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey						0534 76077
Govt Secs Fd	4	55.20	55.20	57.62	[illegible]	11.58
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey						0534 73494
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	3	103.60	103.60	106.71	(u)	17.75
Gilt & Fixed Interest	5	102.49	102.49	105.56	(z)	11.63
Blue Chip & Gilt Edged	5	48.99	48.99	52.16	(z)	5.56
International Bond	5	103.00	103.88	104.04	(z)	7.52
UK Equity	5	96.39	96.39	104.33	(z)	1.62
International Equity	5	100.59	100.59	107.43	(z)	0.43
Far Eastern	5	82.92	82.92	88.00	(z)	0.00
European						
Pan American	5	86.51	86.51	91.35	(z)	0.42
TSB Gilt Fund Ltd	5	93.89	93.89	99.77	(z)	0.79
Quarterly Share	3	97.49	97.87	100.94	(z)	10.M
Monthly Share	1	95.46	95.46	98.45	(z)	10.87

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Barclays Intl Funds				
Currency Funds				
Sterling	£19.87		-0.01	12.5
US Dollar	$30.42		+0.02	5.3
Deutschemark	DM52.42		+0.03	7.7
Yen	Y3.877		+0.001	6.6
Managed Multicurrency	£12.47	15.92	+0.01	-
Managed Multicurrency	$25.22	26.11	+0.06	-
Bond Funds				
Sterling Bond	£0.403	0.418	+0.001	11.5
US Government Income	$96.32	99.75	+0.11	7.5

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Mar. 7	Mar. 6	Mar. 5	Mar. 4	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2963.37	2973.27	2972.52	2914.11	2973.27 (6/3)	2470.30 (9/1)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	93.70	93.71	93.76	93.76	94.86 (15/2)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1141.57	1151.62	1166.26	1142.45	1166.26 (5/3)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	211.14	211.64	213.85	212.02	217.62 (11/2)	199.64 (16/1)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2998.51 (3017.82) Low 2948.51 (2957.67)

STANDARD AND POOR'S

	Mar. 7	Mar. 6	Mar. 5	Mar. 4	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	375.91	376.17	376.72	369.33	376.72 (5/3)	311.49 (9/1)	376.72 (5/3/91)	4.40 (1/6/32)
Industrials	447.30	447.26	447.21	437.60	447.30 (7/3)	364.90 (9/1)	447.30 (7/3/91)	3.62 (21/6/32)
Financial	28.90	29.01	29.15	28.57	29.15 (5/3)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	205.36	205.53	205.74	202.08	205.74 (5/3)	170.97 (9/1)	205.74 (5/3/91)	4.46 (25/4/42)
Amex Mkt. Value	355.26	354.66	354.39	349.80	355.26 (7/3)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	475.74	473.80	473.05	461.13	473.80 (6/3)	355.75 (14/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Mar. 1	Feb.22	Feb.15	year ago (approx.)
Dow Industrial Div. Yield	3.45	3.47	3.44	4.11

	Mar. 6	Feb.27	Feb.20	year ago (approx.)
S & P Industrial div. yield	2.82	2.89	2.19	3.21
S & P Indl. P/E ratio	18.38	17.75	17.77	14.52

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Nabisco RJ	5,825,600	10¾	+ ½
Savin Bus.	5,594,000	0.15	- 0.02
First Chicago	3,749,300	23¼	- ⅞
Navistar	3,495,700	4⅛	+ ⅛
Unisys	3,242,700	5⅛	+ 1
Pepsico	2,046,700	32⅞	+ ⅛
Am. Express	2,032,300	26¼	- ⅛
Johnson & J	2,002,600	90⅝	+ 2¼
Upjohn	1,864,300	43½	+ 1⅞
McDonalds	1,807,400	34⅛	+ 1⅛

TRADING ACTIVITY

† Volume	Millions Mar. 7	Mar. 6	Mar. 5
New York	197.060	262.290	253.700
Amex	15.507	21.242	18.560
NASDAQ	191.890	199.397	224.878
Issues Traded	2,038	2,064	2,057
Rises	740	890	1,269
Falls	842	770	386
Unchanged	456	404	403
New Highs	96	181	183
New Lows	2	5	3

CANADA

TORONTO	Mar. 7	Mar. 6	Mar. 5	Mar. 4	1991 HIGH	1991 LOW
Metals & Minerals	3237.50	3244.10	3284.18	3221.57	3284.18 (5/3)	2632.06 (9/1)
Composite	3564.04	3571.53	3561.90	3519.06	3571.53 (6/3)	3161.95 (15/1)
MONTREAL Portfolio	1878.77	1884.27	1888.19	1861.90	1888.19 (5/3)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Mar. 8	Mar. 7	Mar. 6	Mar. 5	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1415.2	1411.5	1413.4	1375.0	1415.2 (8/3)	1204.5 (16/1)
All Mining (1/1/80)	638.7	633.1	628.4	599.3	638.7 (8/3)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	511.73	508.84	508.25	491.19	511.73 (8/3)	390.84 (15/1)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	5822.67	5775.05	5740.84	5634.74	5822.67 (8/3)	4664.84 (16/1)
DENMARK						
Copenhagen SE (3/1/83)	354.05	353.53	350.00	347.34	354.05 (8/3)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	1089.4	1070.3	1028.8	1015.6	1089.4 (8/3)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	487.78	482.67	483.81	472.14	487.78 (8/3)	394.88 (15/1)
CAC 40 (31/12/87)	1828.14	1831.85	1821.01	1800.63	1831.85 (7/3)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	682.77	675.37	673.68	659.47	682.77 (8/3)	570.48 (15/1)
Commerzbank (1/12/53)	1942.3	1921.0	1917.2	1875.7	1942.3 (8/3)	1612.5 (15/1)
DAX (30/12/87)	1602.29	1580.46	1594.32	1540.26	1602.29 (8/3)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3653.19	3658.24	3647.33	3600.49	3658.24 (7/3)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1455.69	1433.97	1420.36	1396.80	1455.69 (8/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	578.32	575.80	576.72	562.50	582.09 (25/2)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	26607.52	26397.96	26382.99	25913.48	26607.52 (8/3)	22442.70 (16/1)
Tokyo SE (Topix) (4/1/68)	1967.11	1955.61	1958.21	1928.98	1967.11 (8/3)	1625.00 (17/1)
2nd Section (4/1/68)	3088.77	3089.90	3082.01	3026.07	3089.90 (7/3)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	601.30	599.81	596.29	577.55	601.30 (8/3)	470.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	259.4	257.8	257.3	251.5	259.4 (8/3)	221.4 (16/1)
CBS All Shr (End 1983)	189.7	188.5	188.1	183.9	189.7 (8/3)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	735.00	727.21	730.49	711.28	735.00 (8/3)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	986.36	971.43	967.26	941.09	1006.04 (25/2)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	414.37	414.72	410.83	403.14	414.72 (7/3)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1083.0a	1083.0	1071.0	1088.0*	1367.0 (14/1)	971.0 (25/2)
JSE Industrial (28/9/78)	3284.0a	3266.0	3260.0	3214.0	3284.0 (8/3)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	675.94	674.07	676.37	669.83	697.62 (4/1)	614.60 (16/1)
SPAIN						
Madrid SE (30/12/85)	277.03	272.59	271.83	264.13	277.03 (8/3)	213.70 (14/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1100.4	1100.3	1088.3	1067.6	1100.4 (8/3)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	736.6	725.8	726.4	712.4	736.6 (8/3)	590.4 (14/1)
SBC General (1/4/87)	608.5	602.3	603.6	593.5	608.5 (8/3)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4588.44	4622.40	4487.84	4527.51	5181.98 (21/2)	3316.26 (16/1)
THAILAND						
Bangkok SET (30/4/75)	827.54	817.23	803.21	787.10	827.54 (8/3)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (S)	522.4*	522.3	521.7	520.4	524.2 (18/2)	439.1 (16/1)

**Saturday March 2: Taiwan Weighted Price: 4644.45. Korea Comp Ex. 677.55.
*Calculated at 15.00 GMT.
a Subject to official recalculation.
Base values of all indices are 100 except: Brussels SE, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow advances on jobless data and Fed easing

Wall Street

US equities moved higher yesterday morning after the release of weak employment data for February put pressure on the Federal Reserve to ease monetary policy to help stimulate the economy, *writes Karen Zagor in New York.*

At 1.30 pm, the Dow Jones Industrial Average was 17.57 higher at 2,980.94 on moderate volume. Earlier in the day the Dow lost 11 points after a wave of programme selling hit the market. The Dow closed down 9.90 at 2,963.37 on Wednesday.

Trading in both stocks and bonds was driven by the February employment data which showed little sign of any strength in the US economy last month. The labour department report showed that the jobless rate hit 6.5 per cent in February and non-farm payrolls dropped by 184,000, more dramatically than the 120,000 widely expected.

The Federal Reserve arranged weekend system repurchase agreements when Fed Funds were trading at 6¼ per cent, the Fed's perceived target since February. The aggressive adding operation was seen as a sign that the Fed has cut its target for Fed Funds to 6 per cent from 6¼ per cent.

US treasuries moved lower following the Fed's open market intervention, and at mid-session the benchmark 30-year bond was off 11/32 at 95 31/32, yielding 8.25 per cent.

Lower bond prices helped provide the excess liquidity in the stock market which contributed to yesterday's mid-day improvement.

Reports that Kohlberg Kravis Roberts might join forces with Fleet/Norstar Financial to bid for the Bank of New England, which filed for liquidation earlier this year, helped shares in Fleet/Norstar climb $1¼ to $17½.

Shares in Merck, one of the world's biggest pharmaceuticals companies, advanced $2⅝ to $106⅞ yesterday morning on expectation that the Food & Drug Administration (FDA) would make a favourable ruling on Merck's Zocor cholesterol-lowering drug. Zocor was scheduled for review yesterday.

Reebok moved above its 52-week high to $24⅜, up $1⅛. Ms Heidi Steinberg, an analyst at Salomon Brothers, repeated a "buy" recommendation on the stock following an analysts' meeting in Boston on Thursday. Ms Steinberg expects the company to post earnings of $2.05 a share in 1991, compared with $1.54 in 1990.

Shares in Merrill lost $⅛ to $12⅞ after the company said that expects its fourth quarter results to be little changed from last year, when it had a net loss of 11 cents a share.

Canada

TORONTO stocks were mixed in directionless trade at midday, with little news to provide impetus. Bank shares moved lower while gold shares edged higher. The composite index slipped 4.2 to 3,559.9. Advances led declines by 263 to 215 on volume of 20.49m shares.

Among banks, Toronto-Dominion rose C$⅛ to C$17⅜, Royal Bank eased C$⅛ to C$24⅜, Canadian Imperial dropped C$⅛ to C$30⅝ and Bank of Montreal fell C$⅛ to C$34⅜.

Laidlaw shares dropped after a Merrill Lynch analyst downgraded his rating on the company. Its class B shares fell C$⅜ to C$18⅞ on volume of 1.46m shares and its class A dropped C$⅝ to C$19.

Encor was flat at C$1.48 on volume of 3.82m shares. RBC Dominion Securities crossed a block of 3.7m shares priced at C$1.45.

SOUTH AFRICA

JOHANNESBURG ended mixed in quiet trading as a stronger financial rand restricted gains. The all-share index rose 7 to 2,875 while the industrial index added 18 to 3,284. The all-gold index ended unchanged at 1,083.

Currencies restrain Europe's buoyant drug sector

The defensive nature of the industry has given pharmaceutical shares protection, says Jacqueline Moore

ECONOMIC pessimism and the uncertainty caused by the Gulf crisis may seem unlikely sources of inspiration, but they have given European pharmaceuticals shares a big boost in recent months.

The sector is defensive. Recession and political uncertainty do not stop people taking medication; and drug makers' shares outperformed their markets significantly last year, especially since the first weeks of the Gulf crisis. They are now expected to pause for breath, as investors turn their attention to cyclical stocks.

Since the beginning of August, when Iraq invaded Kuwait, Sandoz of Switzerland has outperformed the local market by 8.8 per cent, Astra of Sweden by 7.4 per cent, Hafslund Nycomed of Norway by 23.7 per cent, and Novo-Nordisk of Denmark by 23.9 per cent.

Few of these companies' actual share prices have risen sharply, but the majority are now regaining their pre-August levels, while most European markets are still substantially lower. Schering, for example, has risen from DM755.60 on August 1 to DM798 on March 8, while the German market, as measured by the FT-Actuaries local currency index, still lies 16 per cent below its August 1 level.

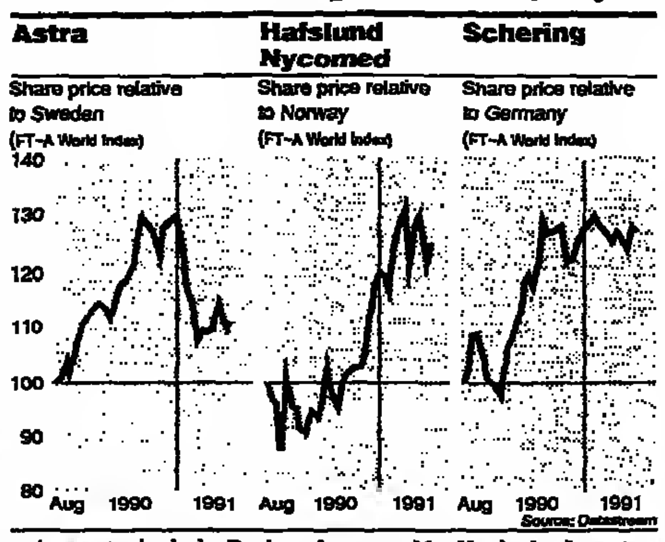
The sector's performance might have been even more impressive if the dollar and yen had not been so weak last year, compared with the European currencies. Mr Peter Smith of UBS Phillips & Drew points out that pharmaceuticals is one of the few European industries with a large trade surplus in Japan, while James Capel, the brokers, says that the US and Japan account for more than 50 per cent of world pharmaceutical sales. The falling dollar and yen, therefore, have a direct effect on profits.

Ms Susan Haylock of Barclays de Zoete Wedd, however, believes the currency factor should not be overplayed. "Currency has had a negative effect, but all the big companies have effective hedging policies," she explains. Some analysts counter that hedging can be expensive, and that companies can never protect themselves completely.

The influence of hedging has been underlined by recent corporate results, according to Mr Andrew Porter of Nikko Securities. He points to Ciba-Geigy, the Swiss group, which reported a fall of 33.6 per cent in 1990 operating profits, and which said that four fifths of the fall was caused by currency factors. Its bearer shares have slightly underperformed the local market by 2.7 per cent per cent since August 1. Meanwhile, Schering of Germany reported a rise of 15 per cent in net profits in early February, helped by its hedging policy, says Mr Porter. It has beaten the rest of the German bourse by 29.1 per cent.

Individual share prices, meanwhile, have been influenced by particular stories. Astra's free B shares, for example, rose 21 per cent during 1990 as a whole, compared with a fall of 25 per cent in the Swedish market, thanks to the sales prospects of Losec, its ulcer drug. However, the shares were hit in early January, falling 5.7 per cent on January 14 after Losec failed to win approval from the US Food and Drug Administration for use in the first-line treatment of all ulcers. In the past month, they have resumed their outperformance.

Other companies expected to benefit from their strong product ranges include Roche of Switzerland. As James Capel says: "Not only is it growing strongly through recently marketed products, but it also has a good pipeline of new drugs for the 1990s."



Hafslund Nycomed is seen as relatively cheap. The stock has been rising since November, but before that, it had lagged behind the sector. This was because of a misunderstanding of the group's reported figures, says Ms Haylock. Investors failed to take account of the full effect of last year's purchase of CL Pharma on the results, particularly on research and development costs, and the disposal of the company's profitable metals division, which was no longer contributing to 1990 figures. The fourth quarter and full-year reports were better received.

Although most analysts believe the profits outlook for drug makers remains good, the increasing competition, the rising cost of research and development, and the changes to national pricing policies in the run-up to the single European market could all put pressure on shares.

"The underlying corporate growth remains strong, although the pricing issue needs to be addressed and profit margins are likely to be lower in the '90s than in the '80s," says Mr Porter.

Moreover, he adds that the hopes of a profitable expansion by drug companies into east Germany have been dashed, at least for the medium term. There has been an agreement on drug pricing, which will effectively eliminate any profits for a year or two, says Mr Porter.

After a year of strength, therefore, pharmaceutical shares are expected to rest in the short term. After that, they are expected to head higher again, but investors will be watching closely to see how well individual drug makers perform in what Ms Haylock says will be a "more competitive industry in a more hostile environment".

EUROPE

Conflicting influences leave bourses with mixed day

INTEREST RATE hopes lifted some bourses yesterday, and the strong dollar boosted Zurich and Frankfurt, but some late-closing markets were affected by mid-morning weakness on Wall Street, *writes Our Markets Staff.*

FT-SE Eurotrack 100 - Mar 8

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1099.89	1099.37	1101.51	1099.94	1100.94	1101.58	1099.94	1097.05

Day's High 1103.29 Day's Low 1097.05

Mar 7	Mar 6	Mar 5	Mar 4	Mar 1
1087.99	1089.64	1064.17	1054.99	1045.70

Base value 1000 (26/10/90)

PARIS came off suddenly towards the end of the session on late profit-taking. Dealers said that investors were growing cautious after the market's recent rally to seven-month highs, although interest rate hopes gave some support. The CAC index, which rose as high as 1,855.7, closed 3.71 lower at 1,828.14, up 4.7 per cent on the week. Volume was a heavy FFr3.4bn.

Elf Aquitaine, the oil company, was the most active issue of the day, rising FFr5 to FFr474 with 474,500 shares traded. Dealers said that the sector was strong ahead of the Opec meeting on Monday. Total put on FFr16 to FFr717.

Accor, which revised its 1991 net profit forcast down to FFr900m from FFr950m, as well as announcing plans to acquire about 60 hotels in the US for $120m, fell FFr31 or 3.7 per cent to FFr798. Carrefour, which fell FFr80 on Thursday, recovered FFr63 to FFr3,563 on rumours that it was going to bid for Euromarché, up FFr130 at FFr4,180, or Printemps, up FFr6 at FFr710.

FRANKFURT took another holiday from the fundamentals, such as money supply, 1991 profits prospects, tax increases and the cost of absorbing a recessive east German economy. The DAX index broke up through 1,600 again to close 21.83, or 1.4 per cent higher after a rise of 7.40 to 682.77 in the FAZ at midsession. Gains on the week were 5.6 and 5.3 per cent respectively and volume rose from DM7.3bn to DM7.9bn.

Yesterday's fast rising dollar continued to draw attention to carmakers, where Volkswagen led with a DM13 gain to DM391, chemicals and steels where Mannesmann jumped DM7 to DMDM295.50. However, the rise of the day, noted Mr Harry Jaarsma of Dresdner Bank, was at Viag, which left other energy utility groups behind as it rose DM17.50 to DM362 on results which, he said, were both objectively and comparatively outstanding.

AMSTERDAM came off early, dollar-inspired highs on profit-taking in response to Wall Street. The CBS tendency index went as high as 93.6 before closing up 0.1 at 93.0, but still showed a 4.8 per cent gain on the week.

Dollar-sensitive issues were strong. Royal Dutch Petroleum added Fl 2 to Fl 145 and was most active stock of the session, accounting for Fl 247.8m of total turnover of Fl 1.08bn. The retailer Ahold, which has sizeable US operations, went as high as Fl 79.50 before losing 30 cents to Fl 78.20 on profit-taking.

ABN Amro slipped 40 cents to Fl 36.90 after reporting a disappointing 14 per cent fall in 1990 net profits to Fl 1.33bn.

ZURICH saw the Crédit Suisse index up another 4.5 to 560.3, up 4.7 per cent on the week as the strength of the dollar outweighed relative weakness in financials, where CS Holding fell SFr25 to SFr1,770. Crédit Suisse, its banking subsidiary, reported a 31 per cent drop in 1990 profits.

The telecommunications company, Ascom, stood out among strong industrials, up SFr140 to SFr3,100 on speculation that it might land contracts in Kuwait.

MADRID had a good day, turnover rising from Pta17bn to around Pta26bn as banks recovered early losses to close strongly, and construction stocks extended their gains in the afternoon session.

The general index closed 4.44, 1.6 per cent higher at 277.03, 5.9 per cent better on the week with Banesto Pta175 higher at Pta3,900 and Uralita up Pta90 at Pta2,040.

MILAN was boosted by second-tier stocks after a slow start in trading dominated by the expiry of monthly options contracts next week. The Comit index rose 2.52 to 578.32, up 3 per cent on the week.

Fiat was initially weak after Thursday's poor February car deliveries, falling L112 to L5,360 before being officially settled at L5,450, down L22.

BRUSSELS registered a 47.62 rise to 5,822.67 in the cash market index for a gain of 3.7 per cent on the week in turnover of BFr1.2bn. Générale de Banque finished BFr220 at BFr5,740 for a rise on the week of 9.3 per cent.

ASIA PACIFIC

Nikkei closes at best level since October

Tokyo

SHARE prices closed at their highest levels since the stock market plunge in October on hopes of lower interest rates in the US, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed up 209.56 at the day's high of 26,607.52, a rise of 2.8 per cent on the week. The index fell to the day's low of 26,379.47 early in the afternoon.

Volume rose to 850m shares from 550m. Activity was concentrated in the morning session when 650m shares changed hands, ahead of the release of the "special quotation" index – the settlement price for March futures and options contracts, based on the opening prices of the Nikkei's component stocks. The SQ index, announced after the market's close, was 26,770.77.

Foreign investors were absent. The Stock Exchange announced yesterday that foreign investors were net buyers of a record high Y1,081bn worth of stock in February.

Losers led gainers by 518 to 481, while 144 issues remained unchanged. The Topix index of all first section stocks rose 11.50 to 1,967.11 and in London, the ISE/Nikkei 50 index rose 4.98 to 1,522.86.

Chemical issues were bought in the morning. Mitsubishi Kasei rose Y45 to Y710 on news that the company had developed a new AIDS drug. Other chemicals were also stronger with Nissan Chemical up Y9 to Y744, and Tosoh advancing Y17 to Y639.

NTT, which has lagged behind the market, gained Y90,000 to Y1.1m. Electrical and telecom engineering companies also advanced, with Nippon Comsys, up Y100 to Y1,560, and Kyowa Densetsu adding Y60 to Y1,360.

High-technology issues rose on the stronger dollar. Hitachi rose Y30 to Y1,310, and NEC gained Y30 to Y1,700.

Sumitomo Metal Industries, which is expected to take part in the reconstruction of the Gulf, was the most active issue of the day, rising Y10 to Y540.

TDK rose Y110 to Y5,880 on buying by individuals. The company is expected to lower its minimum trading unit of 1,000 shares, to increase the number of shareholders.

Meat processors rose on reports of a recovery in profits. The companies expect to benefit from brisk sales of higher priced hams and sausages. Nippon Meat Packers gained Y40 to Y1,520, and Prima Meat Packers added Y29 to Y749.

In Osaka, the OSE average gained 96.72 to 29,265.27 on volume of 56.6m shares. Fuso Pharmaceutical Industries gained Y40 to Y1,490 on expectations of a strong rise in profits due to buoyant sales of its liver disease drug.

Roundup

IT WAS a mixed day, but a good week for the region.

HONG KONG declined after six days on a gentle uptrend, the Hang Seng index dipping 5.06 to 3,653.19 after a fall of more than 40 points in early trade. The index closed the week with a rise of 2.8 per cent, but volume slipped again from HK$2.23bn to HK$1.82bn.

AUSTRALIA rose to a six-month high, the All Ordinaries index closing 3.7 higher at 1,415.2, up 1.4 per cent on the week. News Corp gained 20 cents to A$9.14, up 86 cents on the week. Turnover fell from A$294m to A$188m.

TAIWAN failed to maintain Thursday's rally and the weighted index fell 33.96 to 4,588.44, down 7.4 per cent in a week influenced by the government's crackdown on tax evasion, although there were mid-week reports that the government would not extend its investigation. Volume rose from T$30bn to T$31.7bn.

SINGAPORE had one of the most active days for two years. The Straits Times Industrial index ended 6.34 lower at 1,506.23, up 3 per cent on the week, but turnover rose from S$405.4m to S$479.4m.

KUALA LUMPUR ended the week 7.5 per cent higher. The composite index put on 1.49 to 601.30 yesterday as dealers waited for Wall Street's reaction to US jobless data.

BANGKOK rose for the third day. The SET index closed 10.31 higher at 827.54, up 4.7 per cent on the week, on turnover of 5.9bn baht.

MANILA saw the composite index up 15.02 to 986.45, up 2.5 per cent on the week.

BOMBAY rebounded on rumours that former premier Rajiv Gandhi will be asked to form a government. The BSE index added 40 to 1,191.05.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS. Figures in parentheses show number of lines of stock	THURSDAY MARCH 7 1991: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY MARCH 6 1991: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 1990/91 High	1990/91 Low	Year ago (approx)
Australia (75)	129.95	−0.4	102.12	111.55	104.55	112.62	−0.2	5.96	130.46	102.34	112.28	104.52	112.80	158.31	112.74	139.23
Austria (19)	215.71	−0.3	169.52	185.17	173.55	173.02	−0.4	1.58	216.31	169.68	186.18	173.30	173.69	285.63	167.00	276.27
Belgium (60)	150.92	+0.4	118.61	129.55	121.42	118.54	+0.4	4.97	150.39	117.97	129.42	120.48	118.12	160.02	121.73	141.40
Canada (116)	140.82	+0.0	110.67	120.87	113.29	118.28	+0.0	3.39	140.60	110.45	121.17	112.79	118.26	153.61	121.24	143.38
Denmark (32)	269.09	+1.1	211.48	231.00	216.49	217.03	+0.9	1.58	268.29	208.89	229.18	213.34	215.04	277.82	217.74	257.09
Finland (21)	122.01	+4.9	95.89	104.74	98.17	95.17	+4.4	2.96	116.27	91.21	100.07	93.15	91.13	152.29	90.61	145.94
France (113)	151.87	−0.3	119.36	130.36	122.18	125.49	+0.1	3.29	152.26	119.44	131.03	121.98	125.33	168.85	121.85	149.91
Germany (88)	121.82	−0.2	95.74	104.59	98.01	98.01	+0.2	2.32	122.04	95.73	105.04	97.77	97.77	144.83	101.38	128.47
Hong Kong (48)	148.31	+0.1	116.56	127.31	119.33	145.37	+0.1	4.52	148.18	116.24	127.53	118.72	148.24	148.31	112.24	118.57
Ireland (16)	175.47	+1.0	137.90	150.63	141.17	143.33	+1.4	3.19	173.74	136.29	149.53	139.20	141.39	198.57	132.88	182.47
Italy (91)	85.36	−0.8	67.06	73.27	68.67	73.71	−0.3	3.43	86.03	67.48	74.03	68.92	73.95	109.26	72.05	93.96
Japan (453)	140.72	+0.1	110.59	120.80	113.23	120.80	−0.2	0.71	140.61	110.30	121.01	112.67	121.01	197.26	106.58	160.82
Malaysia (34)	245.88	+1.3	193.24	211.06	197.82	258.48	+1.5	2.92	242.67	190.36	208.84	194.41	254.54	250.89	182.96	237.56
Mexico (12)	662.28	+4.8	520.48	568.51	532.83	2159.26	+5.1	0.32	631.82	495.82	543.76	506.18	2054.78	662.28	324.53	409.41
Netherland (40)	145.58	−0.1	114.41	124.96	117.12	115.88	+0.3	4.71	145.73	114.32	125.42	116.76	115.50	149.03	125.70	135.81
New Zealand (15)	47.60	+0.1	37.41	40.86	38.29	42.81	+0.2	7.97	47.53	37.28	40.91	38.08	42.53	75.36	41.19	64.77
Norway (30)	222.10	−0.5	174.55	190.66	178.69	181.85	−0.6	1.60	223.24	175.12	192.13	178.86	182.94	276.79	162.24	245.66
Singapore (25)	207.99	+1.9	163.46	178.54	167.33	166.87	+1.6	2.17	204.15	160.14	175.70	163.56	164.17	209.24	147.24	195.72
South Africa (60)	206.33	+0.2	162.15	177.11	165.99	143.40	+0.1	3.83	205.82	161.45	177.13	164.89	143.28	251.39	151.50	199.81
Spain (41)	168.07	−0.1	132.09	144.28	135.22	122.68	+0.1	4.62	168.23	131.97	144.79	134.78	122.54	182.25	128.54	148.16
Sweden (27)	204.12	+0.9	160.42	175.22	164.23	173.00	+0.8	2.40	202.33	158.71	174.13	162.10	171.55	234.93	146.60	178.72
Switzerland (65)	98.50	−0.5	77.41	84.56	79.26	82.44	−0.1	2.49	98.96	77.63	85.18	79.30	82.49	109.77	82.17	94.09
United Kingdom (296)	185.37	−1.0	145.68	159.11	149.12	145.68	−0.8	4.84	187.18	146.82	161.06	149.93	146.82	187.16	139.87	149.94
USA (526)	152.24	+0.0	119.64	130.69	122.49	152.24	+0.0	3.22	152.31	119.48	131.09	122.03	152.31	152.63	118.06	137.81
Europe (899)	150.75	−0.5	118.47	129.41	121.29	120.33	−0.2	3.90	151.52	118.86	130.40	121.39	120.51	157.85	124.91	138.09
Nordic (110)	200.81	+0.9	157.82	172.38	161.56	159.49	+0.8	1.99	198.98	156.09	171.25	159.42	158.20	223.29	155.55	191.20
Pacific Basin (650)	140.29	+0.1	110.25	120.43	112.87	121.09	−0.2	1.04	140.18	109.96	120.64	112.31	121.27	192.75	107.82	158.52
Euro-Pacific (1589)	144.93	−0.2	113.90	124.40	116.60	121.66	−0.2	2.26	145.18	113.88	124.94	116.31	121.69	174.18	118.03	150.81
North America (642)	151.45	+0.0	118.02	130.02	121.87	149.97	+0.0	3.23	151.51	118.96	130.41	121.41	150.04	151.83	119.26	137.86
Europe Ex. UK (643)	129.59	−0.2	101.84	111.26	104.28	105.46	+0.2	3.19	129.80	101.82	111.73	104.01	105.27	145.62	106.85	129.33
Pacific Ex. Japan (197)	134.38	+0.1	105.61	115.37	108.13	120.41	+0.2	5.03	134.26	105.32	115.57	107.58	120.19	148.72	111.40	130.39
World Ex. US (1777)	145.70	−0.1	114.50	125.08	117.22	122.28	−0.2	2.31	145.91	114.46	125.58	116.90	122.48	173.77	117.12	150.98
World Ex. UK (2007)	143.02	+0.0	112.40	122.78	115.08	130.18	+0.0	2.35	143.02	112.19	123.10	114.80	130.23	162.00	115.37	144.71
World Ex. So. Af. (2243)	146.42	−0.1	115.07	125.70	117.81	131.63	−0.1	2.62	146.58	114.99	126.17	117.45	131.79	161.84	118.04	144.62
World Ex. Japan (1850)	151.38	−0.2	118.97	129.96	121.61	137.45	−0.1	3.56	151.69	118.99	130.56	121.54	137.58	151.69	124.31	138.52
The World Index (2303)	146.78	−0.1	115.35	126.00	118.10	131.71	−0.1	2.63	146.94	115.27	126.47	117.73	131.87	162.05	118.33	145.15

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1990/91 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
99	92	Funding 5¼pc '87-91‡‡	99xd	.....	5.[illegible]	-
98¼	89¼	Treas. 3pc 1991	98¾	+	3.[illegible]	9.60
99	94	Treas 10pc Cv '91 ‡‡	99	+	10.[illegible]	11.96
99	94	Exch. 11pc 1991	99	+	11.[illegible]	11.33
97	90	Treas. 8pc 1991	97	.....	8.[illegible]	11.08
101	97	Treas 12¾pc 1992‡‡	101	.....	[illegible]	11.05
99	92	Treas 10pc 1992	99	+	10.[illegible]	10.95
97	89½	Treas. 8pc 1992 ‡‡	97xd	+	[illegible]	10.83
99	93	Treas 10½pc Cv 1992‡‡	99	+	10.[illegible]	10.81
93	82	Treas. 3pc 1992	93	+	3.[illegible]	8.79
102	95	Exch. 12¼pc '92	102	+	12.[illegible]	10.71
104	98	Exch 13½pc 1992	103xd	+	12.[illegible]	10.60
96	86¾	Treas 8¾pc 1993	96xd	+	8.[illegible]	10.32
99	90	Treas 10pc 1993‡‡	99	+	10.07	10.36
104	96	Treas 12½pc 1993‡‡	104	+	11.98	10.31
92	82	Funding 6pc 1993‡‡	92xd	.....	6.49	9.25
108	99	Treas 13¾pc 1993‡‡	107	+	12.75	10.30
95	84	Treas. 8½pc 1994	95	+	8.88	10.21
111	102	Treas 14½pc 1994‡‡	110	+	13.08	10.12
109	99	Exch 13½pc 1994	108	+	12.44	10.18
99	88	Treas. 10pc Ln. 1994‡‡	99	+	10.04	10.09
106	96	Exch. 12½pc 1994	106	+	11.73	10.16
96	85	Treas 9pc 1994‡‡	96	+	9.31	10.08
106	94	Treas 12pc 1995	105	+	11.33	10.10
87	73	Exch 3pc Gas 90-95	84	.....	3.57	7.56
100	88	Exch 10¼pc 1995	100	+½	10.21	10.09
109	97	Treas 12¾pc 1995‡‡	109	+½	11.65	10.10
113	101	Treas. 14pc '96	113	+	[illegible]	10.47

Five to Fifteen Years

1990/91 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
96	82	Treas. 9pc 1992-96‡‡	96xd	+	9.31	9.83
119	107	Treas 15¼pc 1996‡‡	118	+	12.82	10.37
112½	99	Exch 13¼pc 1996‡‡	111½	+	11.88	10.29
100	85½	Conversion 10pc 1996	99½	+	10.05	10.10
100	97	Do 10pc 1996 A ●	99	+	10.25	10.11
113	98	Treas 13¼pc 1997‡‡	112	+	11.76	10.30
102	87	Exch 10½pc 1997	101	+	10.35	10.15
94	79	Treas 8¾pc 1997‡‡	93	+	9.34	10.07
122	106½	Exch 15pc 1997	121	+	12.37	10.45
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

1990/91 High	Low	Stock	(b)	Price £	+ or -	(1)	(2)
127½	110¼	Tr. 2pc '92‡‡	(97.8)	127xd	.....	1.55	4.00
117	103¾	Do. 2 '94	(102.9)	117	.....	2.93	3.72
171	150⅝	Do. 2pc '96	(67.9)	170xd	−	3.26	3.73
140	123½	Do 2½pc '01	(78.3)	139xd	−	3.88	4.16
136½	119⅞	Do. 2½pc '03	(78.8)	135	−	3.97	4.20
137	122	Do. 2pc '06	(69.5)	137	−	4.03	4.22
127	113	Do. 2½pc '09	(78.8)	126	−	4.04	4.22
131	117	Do. 2½pc '11	(74.6)	130	−	4.04	4.20
108¼	97⅝	Do. 2½pc '13	(89.2)	107xd	−	4.02	4.17
116	105	Do. 2½pc '16	(81.6)	115	−	3.99	4.14
113	102	Do. 2½pc '20	(83.0)	111	−	3.96	4.09
95¾	86	Do. 2½pc '24‡‡	(97.7)	93	−	3.91	4.03

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for June 1990: 126.7 and for January 1991: 130.2.

INT. BANK AND O'SEAS

1990/91 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
101	84	African Dv Bk 11¼Ln 2010	101¼	+	10.98	10.95
98¾	80	Asian Dev Bk 10¼pcLn2009	96	+	10.59	10.64
112	80	Inter-Am Dev Bk 12½pc 2003	111	+	11.25	10.81
92	76	Do. 9¾pcLn 2015	91½	+	10.66	10.74
110	55	Intl. Maxican States 16½pc 2008	110	.....	15.00	14.87

CORPORATION LOANS

1990/91 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
104	86½	Birmingham 11½pc 2012	101½	.....	11.33	11.30
95½	84½	GLC 6¾pc 1990-92	95½	.....	7.07	11.60
115½	95	Leeds 13½pc 2006	115½	.....	11.69	11.37
30½	25	Liverpool 3½pc Irred	30	.....	11.67	-
35	24	LCC 3pc '20 Aft	27	.....	11.11	-
101½	85½	Manchester 11½pc 2007	101½	.....	11.33	11.57

COMMONWEALTH & AFRICAN LOANS

1990/91 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
150	150	S Rhod 2½pc Unasntd	150	.....	-	-
90	84½	Do. 4½pc 87-92 Asntd	90	.....	-	-

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

1990/91 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
46¾	35	CPC Intnl. 25c	43	+	$2.00	-	2.3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

[illegible]

Continued on next page

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£13⅜	£9	ABN Amro Fl5	£9⅞	......	Q28%	2.1	8.9	5.3
303	121	ANZ $A1	128	–1	Q38c	1.9	12.1	4.4
279	172	Abbey National 10p	272	......	9.5	q3.0	4.8	9.2
*274	126	Allied Irish Ord	180	+2	†Q40%	3.3	5.0	8.2
85	47	Anglo Irish	60	......	Q18.6%	2.3	7.0	7.9
93	41	Ansbacher (H.) 1p	41	......	2.5	1.3	8.1	11.8
£71¾	£32½	Bancaire Cie Fr100	£54½	+¼	Q12¼%	–	2.4	–
£22¼	£12½	Banco Bilbao Viz	£16¼	......	Q49.1%	2.7	5.0	7.4
£58¾	£21½	Banco de Santander	£29	+¼	Q28.7%	2.3	4.2	10.2
266	130	Bank Ireland Ir£1	199	......	Q14.7%	2.9	6.6	7.0
£19½	£18	Bank Leumi	£19½	......	–	–	–	–
351	320	Bank Leumi (U.K.)£1	350	......	16.0	–	6.1	–
142	100	Bank Scotland	138½	+½	†4.55	3.4	4.4	8.8
110	83¼	Do. 9¼pc Irrd Pf £1	104	+½	9¼%	–	11.9	–
107¼	99½	Do. 9¼pc Irrd Pf £1	197¼	......	9¾%	–	12.1	–
54	39	Bank of Wales	42	......	2.8	0.8	8.9	(20.2)
469	290	Barclays £1	463	+15½	21.15	q1.1	6.3	18.8
22	9	Benchmark 20p	9	......	0.75	–	11.1	–
335	195	Brown Shipley £1	229	......	‡12.0	2.2	‡	7.4
*458	285	Cater Allen £1	457	+2	F24.5	–	7.1	–
179	29	Chancery	36	......	†9.0	2.7	‡	1.4
£23¼	£14	Commerzbk DM10	£10¼	......	Q18%	–	3.4	–
£13¼	620	Dai Ichi KBk Y50	837	–13	Q17%	6.2	0.4	39.5
£313⅝	£189½	Deutsche Bk DM50	£225½	+⅞	Q28%	–	2.1	–
£20¾	£14⅝	Espirito Santo	£17½	+½	Q75c	5.1	2.2	9.0
253	152	First Nat. Fin. 10p	200	+1	15.0	1.2	8.7	(11.9)
121	78	FNFC 6.3pc Cv. Pf £1	103	......	6.3%	–	8.2	–
£13¼	633	Fuji Bank Y50	1020	......	†Q17%	6.9	0.3	43.4
340	262	Gerrard & National	339	......	19.0	–	7.5	–
154	53	Guinness Mahon 10p	53	–10	1.45	–	3.6	–
328	194	Hambros 20p	291	+6	†11.5	–	5.3	–
128	88	Do. 7.5pc Cv Pf £1	118	......	7½%	–	8.5	–
53½	29	HK & Shang. HK$2.50	39	+½	KQ39c	–	6.7	–
478	373	Joseph (Leo) £1	413	......	15.85	–	5.1	–
150	105	King & Shaxson 20p	140	......	10.25	–	9.8	–
422	249	Kleinwort Benson Gp	361	+7	16.0	2.5	5.9	8.5
643	316	Kyowa Bank Y50	448	+1	Q14%	♦	0.7	♦
372	220	Lloyds £1	362	......	15.3	q1.5	5.6	15.1
57	44	Lon. Scot. Bank 10p	57	+1	2.75	1.7	6.4	10.5
404	150	Midland £1	197	+8	9.0	–	6.1	–
£14½	£10½	Mitsubishi Bank Y50	£10½	......	†Q17%	♦	0.3	♦
£12¼	£4½	Mitsubishi Tst & Bk Y50	£6½	+⅛	Q17%	12.4	0.6	13.3
£10⅝	£4⅞	Mitsui Taiyo Kobe Y50	£7⅛	–⅛	†Q16%	6.0	0.5	38.5
904	410	Mitsui Tst & Bk Y50	534	–6	Q17%	♦	0.6	♦
326	203	Nat Aust. Bk. A$1	239	+1	GQ55c	1.5	9.5	7.1
368	227	NatWest £1	332	+5	17.5	♦	7.3	♦
£210	£100	Ottoman Bank	£125	......	Q110%	2.8	8.8	4.0
55	24	Rea Bros. Group	33	–1	0.5	3.2	2.0	16.5
227	119	Royal Bk. Scotland	199	......	8.4	2.3	5.6	10.2
795	338	Saitama Bank Y50	442	–7	♦Q14%	♦	0.6	♦
£12¼	567	Sanwa Bank Y50	868	–13	Q17%	6.7	0.4	38.1
902½	613	Schroders £1	763	+3	h12.5	5.9	2.2	10.3
712½	413	Do. £1 N/V	543	......	h12.5	5.9	3.1	7.3
£25¼	£9¼	Sec. Pacific $10	£15¼	+¼	Q$2.52	–	8.1	–
616	205	Standard Chartd. £1	318	+3	35.0	1.4	14.7	(6.0)
£16¼	£5½	Sumitomo Bank Y50	£8½	–⅛	†Q16%	7.5	0.4	33.8
£11	£4⅞	Sumitomo Tst & Bk Y50	£6½	+⅛	Q17%	6.9	0.5	27.6
162	114	TSB	155½	+½	6.4	2.1	5.5	11.6
175	112	TSB Bank Ch'nel Is £1	143	......	dQ8.0	3.8	5.6	5.8
£463	£4¼	Tokai Bank Y50	£6⅝	–⅛	Q16%	4.1	0.5	50.5
920	484	Toyo Tst & Bk Y50	657	–8	†Q15.2%	6.9	0.5	31.4
611	499	Union Discount £1	574	–1	35.0	♦	8.1	♦
525	284	Warburg (S.G.) 1	436	+12	15.0	3.0	4.6	9.8
180	98	Do. 6pc Cnv Prf £1	143	+3	6%	–	5.6	–
279	128	Westpac $A1	160	......	Q52.5c	1.2	13.4	6.1
420	286	Wintrust 20p	349	+2	†8.7	4.3	3.4	9.2
969	509	Yasuda Tst & Bk. Y50	637	–8	Q17%	5.9	0.5	51.9

Hire Purchase, Leasing, etc.

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
175	30	CLF Yeoman 50p	33	......	†Q18.5%	3.2	‡	1.6
71	40	Cambridge Grp Ir5p	49¼	–½	†Q7½%	15.6	0.7	12.0
55	11	Capital Leasing Ir10p	36	–1	†Q12%	3.5	3.3	8.9
*71	46	Cattle's (Hldgs) 10p	71	+1	K3.8	1.9	7.1	10.8
480	362	Prov. Financial	480	+2	23.5	♦	6.5	♦
*232	119	Reflex Invs. Ir5p	123	......	†gQ51%	7.9	1.9	9.0
240	192	Secure Trust Grp. 1p	235	–5	†8.5	2.8	4.8	9.9
210	135	Woodchester IR20p	190	+6	†Q16.7%	5.9	1.6	14.2

BEERS, WINES & SPIRITS

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
544	408	Allied-Lyons	540	+8	†16.95	2.3	4.2	11.6
[illegible]								

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd

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MOTORS, AIRCRAFT TRADES

1990/91 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
131	50	ABI Leisure 10p. β	73	+2	3.1	4.4	5.7	5.0
£14¼	£5½	DAF N.V. Fl5	£7⅜	....	Q50%	2.0	9.9	4.9
149	79	General Mtrs Units	108	-1	Q$1.2½%	–	6.0	–
41	9	♦March Group 5p β	13	....	B–	–	–	–
*222½	£101½	Volkswagen DM50	£133¾	+4¾	Q22%	3.5	2.8	10.5
£44½	£18¾	Volvo AB 'B' Kr25	£27⅞	-1⅜	Q62%	♦	5.1	♦

Commercial Vehicles

1990/91 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
253	68	ERF (Hldgs) β	145	+7	‡10.0	1.6	♦	0.0
180	48	Plaxton Grp β	58	+5	8.5	2.0	19.5	3.2

Components

1990/91 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
463	420	Abbey Panels	463	....	3.5	10.8	1.0	12.3
225	123	Airflow Streamlines β	148	....	6.0	3.0	5.7	7.8
190	140	Bostrom 5p β	140	....	†5.75	3.1	5.5	6.4
266	145	Dowty 50p α	184	+1	†9.0	2.1	6.5	8.8
239	110	FR Group α	168	+1	6.37	3.1	5.1	0.6
135	55	Kwik-Fit Hldgs. 10p α	101	-2	†2.4	2.3	3.2	18.7
374	202	Lucas Inds α	169	+2	7.0	2.5	5.5	8.3
44	14	Do. Warrants α	34¼	+½	–	–	–	–
80	48	♦Mid-States 10p β	48	....	‡20.75	–	2.1	30.1

Garages and Distributors

1990/91 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	14	Alexanders 10p β	[illegible]	....	[illegible]	3.4	5.8	6.3
[illegible]	60	Appleyard 10p β	[illegible]	....	[illegible]	2.4	10.9	4.4
[illegible]	55	♦Bletchley Motor 20p β	[illegible]		[illegible]	1.9	12.5	5.7
[illegible]	373	Caffyns 50p β	[illegible]	....	[illegible]	1.0	4.1	34.5
[illegible]	88	♦Central Motor Auctns β	[illegible]		[illegible]	2.7	5.1	0.7
[illegible]	15	♦Cook (D.C.) Hldgs 5p α	[illegible]	+3	[illegible]	5.3	4.8	5.3
[illegible]	33	Cowie (T.) 5p α	75	+½	[illegible]	♦	6.8	♦
[illegible]	56	Dagenham Motors 10p β	[illegible]	+5	[illegible]	2.8	7.3	6.6
[illegible]	70	Davenport Vernon 10p β	[illegible]		[illegible]	2.4	5.9	9.3
247	158	Evans Halshaw β	21[illegible]	+3	[illegible]	2.4	6.8	8.0
[illegible]	67	Gates (F.G.) β	[illegible]	-1	2.7	1.9	5.3	12.9
161	25	Gowrings 10p β	[illegible]	....	5.[illegible]	1.0	16.3	7.9
[illegible]	44	Jacks Wm. β	[illegible]	....	‡2.[illegible]	1.0	♦	21.6
[illegible]	41	Jessups β	[illegible]	-5	7.[illegible]	1.0	11.9	9.7
[illegible]	118	Lex Service α	[illegible]	+6	15.3	1.9	10.4	6.9

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

1990/91 High	Low	Stock	Price	+ or -	Div Net	C'vr
£134	£85	Do 9¼pc Cv Ln 2002 y	£114	....	Q9½%	–
145	70	Green Property Ir25p y	80xd	....	1Q20.6%	1.7
481	323	Greycoat 10p α	385	....	5.2	3.9
65	38	♦Hampton Countryside 5p α	65	+2	Z0.05	–
859	510	Hammerson "A" α	648	-1	19.5	1.3
113	43	Hanover Druce 10p β	53		‡2.0	
675	147	Hardanger Prop 10p β	148	-5	d16.88	2.8
285	123	Helical Bar 5p β	194	....	10.0	4.0
01	46	Do. 5¼pc Pf 2012 £1 y	68	....	5¼%	–
177	137	Hemsg Sm & Bar 10p β	170	....	†5.75	3.3
67	46	HK Land Hldgs 10c	58	+½	†Q6.15c	♦
18½	5½	♦INOCO 10p α	8½			
250	225	Jermyn Invest	250		3.0	16.9
565	443	Land Securities £1 α	546	-2	†17.0	1.6
£91¾	£76½	Do 10pc 1st Mt Deb 2025 y	£91¾	....	Q10%	–
£91½	£76¼	Do 10pc 1st Db 2030 y	£91½		Q10%	–
670	508	♦Lend Lease 50c	625	....	GtQ60c	1.6
£95	£79¼	[illegible]	£94	-½	Q10¼%	–
88½	70½	[illegible]	75		8.88%	–
93	65	Lon. Merchant α	83	....	3.4	2.1
44	25	Do. Dfd. β	35	....	–	–
£99½	£67½	Do 7¼pc Cv 2000-05 y	£90½	+1	Q7¼%	–
158	8	Londn & Metroptn 5p	8[illegible]		‡6.65	2.9
48	13	Lon. Securities 15p α	19½	-½	11.5	4.8
81	43	Do. 8¼pc Net Cv Pf y	52	+2	8.25	–
549	413	MEPC α	537	....	19.0	1.6
82	26	Markheath α	37	....	6.0	1.4
43	11	♦Marylebone Ests 5p α	11	....	‡3.0	1.4
*215	6	Mclnerney 10p y	26	+1	Q14.7%	
175	120	McKay Secs 20p β	160	....	†5.8	1.9
27	3½	♦Merchant Mtd Ests α	4		‡1.0	
436	193	Merivale Moore 5p β	238	+2	10.5	5.0
63	2	♦Merlin Intl Props α	4½	....	♦3.0	
71	18	♦Micklegate Grp 1p β	31	+1	L2.25	3.4
50	28	♦Molyneux Ests β	35	....	20.5	
107	22	♦Morfield Estates 10p β	48	-1	2.4	♦
163	55	Mountleigh α	86	....	4.75	–
94	40	Do. 5.25pc Cnv Pf £1 y	55	+1	5.25%	–
1200	815	Mountview Ests 5p β	1075	....	†11.5	9.5
40	7	♦Mount Group 10p α	15	-1	0.5	0.5
129	86	Mucklow (A. & J.) α	118	....	†5.13	1.3
63	36	New Cavendish 5p β	43	....	–	–
27½	8	♦New Eng. Prps 5p α	12	....	1.0	1.3
19	7½	Ossory Estates 5p α	11½	-¼	d0.85	0.2
237	94	Palmerston Hldgs β	188	....	‡8.78	1.4
238	135	Peel Hldgs β	150	....	‡10.0	
38	1¼	♦Pennant Props. 10p β	1¼	....	‡1.0	

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST—Contd

1990/91 High	Low	Stock	Price	+ or -	Div Net	Y'ld Gr's	NAV	Dis or Pm(-)
55	28	Ambrose Inv Inc.	28½		‡15.36	73.1	–	–
645	500	Do Cap	605xd		–	–	664.7	9.0
182	119	American Trust α	163	+1	†4.5	3.7	183.6	11.2
182	118	American Tst. 'B' β	159					
217½	207	Anglo & O'seas Trust α	279	+2	6.15	3.0	313.0	12.2
217	188	Archimedes Inc β	217	+3	20.5	12.6		
310	220	Do. Cap. 50p β	310				557.5	44.4

[illegible]

INVESTMENT TRUST—Contd

1990/91 High	Low	Stock	Price	+ or -	Div Net	Y'ld Gr's	NAV	Dis or Pm(-)
76	43	Do Cap α	62	....	–	–	142.8	56.6
20	15	Do Warrants α	16	....	–	–	–	–
58½	44	Do Zero Div Pf y	58		–	–	–	–
244	189	St. Andrew Tst β	228xd	+1	7.2	4.2	229.1	0.5
132	113	St David's Inv Tst Inc β	128xd		‡13.2	13.8		
143	98	Do. Cap. β	129				159.2	8.7
355	277	SPLIT Inc. 10p β	353		‡40.3	15.2		

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's
[illegible]					
♦Tiverula West y	44	-1	–	–	–
♦♦Kells Mins. Ir5p y	44		–	–	–
♦Kenmare y	15	+½	–	–	–
♦♦Kavan Resources y	15	....	–	–	–
♦New Sabina Res C$1	13	+6	–	–	–
♦Northgate Expl. C$1	64	+4½	–	–	–
North West Expl.	12	....	–	–	–
♦Nor-Quest Res.	9	....	–	–	–
Oryx Gold Hldgs	97	+1	–	–	–
♦♦Ovoca Gold IR 2p y	13	+2	–	–	–
♦Plateau Mining 20p β	41	....	–	–	–
RTZ 10p α	535	-3	†18.5	2.5	4.6
♦Thorco Res. Inc.	4½	....	–	–	–
♦Vlacaya Hldgs 5p β	8	....	–	–	–
♦Young Group 10p β	130	....	17.8	2.7	8.0

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♠ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or -
Craig & Rose £1 β	675	....
Finlay Pkg. 5p β	31	....
Holt (Jos) 25p β	1320	+2

IRISH

Stock	Price	+ or -
Cap. 8½% Ln. 1991	£99½	....
9pc Cap Ln. 1996	£98¼	+½
Fin. 13% 97/02	£114½	....
Arnotts	160	....
Carrol (P.J.)	154	....
Helton Hldgs y	50	+2
IRG	150	....
United Drug	165	....

TRADITIONAL OPTIONS
3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	6
Astec (BSR)	4½
BA7	46
BOC Grp.	28
BTR	25
Barclays	30
Blue Circle	19
Boots	29
Bowaters	43
Brit Aerospace	45
British Steel	10½
Brit. Telecom	25
Cadburys	20
Charter Cons	30
Comm Union	40
Courtaulds	20
Eurotunnel	35
FKI	3
FNFC	20
Gen Accident	41
GEC	15
Glaxo	68
Grand Met	51
Guardian	17
GKN	27
Hanson	16
Hawker Sidd	35
ICI	70
Ladbroke	22
Legal & Gen.	32
Lex Service	17
Lloyds Bank	24
Lucas Inds	11
Marks & Spencer	19
Midland Bk.	16
Nat West Bk.	21
P & O Dfd.	44
Racal Elect.	16
RHM	23
Rank Org Ord.	52
Reed Intnl.	32
STC	19
Sears	7½
SmKl. Beecham A	51
TI	38
TSB	11
Tesco	19
Thorn EMI	55
Trust Houses	23
T&N	13
Unilever	52
Vickers	16
Wellcome	33

Property

Brit Land	24
Control Secs	3½
Land Securities	45
MEPC	38
Mountleigh	9

Oils

Aviva Petlm	3
Brit Petroleum	27
Burmah Castrol	46
Conroy Petlm	15
Gaelic Res	1½
Premier	7
Shell	37
Tuskar Res	2
Ultramar	29

Mines

Lonrho	19
RTZ	48

FINANCIAL TIMES
Weekend March 9/March 10 1991

Sad return: bodies of two British soldiers killed in the Gulf war are yesterday carried from an RAF Hercules at Brize Norton airbase in Oxfordshire

US plans to sell arms worth $18bn to allies

Continued from Page 1

Tha pressure to bolster countries such as Bahrain and the UAE is greater because Mr Bush has pledged to withdraw all US ground forces as soon as possible from the Arabian peninsula and rely on naval forces, air powar and pre-positioned equipment to maintain peace.

Congressional critics argue that the arms sales will spur other countries to send more weapons into the region.

This week in Damascus, Egypt and Syria and the six members of the Gulf Co-operation Council (Bahrain, Qatar, Oman, Kuwait, Saudi Arabia and the Emirates) agreed that Egyptian and Syrian troops should form the core of a permanent Gulf security force.

Mr Baker, who is to visit Israel on Monday and Tuesday, would like the Saudis to take the lead by offering "confidence building measures" such as notification of troop exercises and steps towards ending the Arab boycott.

The aim is to set "ground-rules" for a truce between Israel and coalition Arabs, including Saudi Arabia, Kuwait and Syria, to be strengthened by recognition of Israel's right to exist.

The DS would press all parties to work toward settling the Palestinian issue.

Fed appears to ease US monetary policy

By Michael Prowse in Washington

The Federal Reserve, the US central bank, appeared to ease monetary policy yesterday following tbe biggest monthly rise in unemployment for five years last month.

The Fed appeared to signal a further quarter point cut to 6 per cent in the key Federal funds rate at which banks lend to each other.

The move followed another call for lower rates from Mr Nicbolas Brady, the treasury secretary. He told reporters in Connecticnt that there was "plenty of room in the economy for lower interest rates".

The reaction in US financial markets was muted, with the dollar sliding back from the day's highs and bonds recovering some of the ground lost in earlier trading. On Wall Street, the Dow Jones Industrial Average was up just over 17 points around lunchtime.

Analysts said a substantive cbange in monetary policy would require another cut in tbe discount rate, whicb at 6 per cent effectively puts a floor under the Federal funds rate.

The unemployment rate rose from 6.2 per cent to 6.5 per cent last month, the highest for four years, tha Labour Department said. The number of unemployed rose by 450,000, taking the total to 8.2m, up 1.6m on the level of last summer.

After seasonal adjustment, employment in non-farm businesses fell by 185,000 to 109.6m. This was a considerably steeper decline than most analysts had forecast, altbough short of the 233,000 drop in January which prompted the last discount rate cut.

Dr Janet Norwood, the head of the Bureau of Labour Statistics, said the data showed a "continued deterioration" in the labour market.

Adult men were worst affected, with their jobless rate rising by 0.7 percentage point to 6.3 per cent. Jobless rates were little changed for adult women, teenagers and minority gronps.

The figures indicate that the economy was firmly in recession last month. However, they do not necessarily contradict forecasts of an early recovery if confidence revives following the allied victory in the Gulf war.

Most of the job losses were in manufacturing but there were also substantial declines in retail and wbolesale trade, in transportation and in public utilities.

In manufacturing, wbere over 1m jobs have been lost in the past two years, employment fell by 125,000 to 18.5m. Losses in manufacturing have been concentrated in plants producing durable goods.

Canada unemployment, Page 2
Currencies, Page 11
World stocks, Page 19

Nestlé cleared of abusing instant coffee monopoly

By Robert Rice, Legal Correspondent

NESTLE, the Swiss-based foods group, was cleared yesterday of using its monopoly on the supply of instant coffee in the UK to keep shop prices high.

A nine-month inquiry by the Monopolies and Mergers Commission found that, although the company supplied more than 47 per cent by volume of the UK's instant coffee, there was still effective competition in the market and a wide degree of consumer choice.

The commission concluded that Nestlé's monopoly did not operate against the public interest. Mr Peter Lilley, trade and industry secretary, said that since there were no adverse findings in the commission's report ha had no power to intervene.

The commission was asked last April by the director general of fair trading to investigate the instant coffee market after Nestlé and other suppliers were accused of being slow to pass on to consumers the benefits of a fall in the price of raw coffee beans. The director general was also concerned about Nestlé's profitability.

The commission said Nestlé enjoyed significantly higher profitability than its main competitors because of its greater efficiency and success in meeting customer preferences. Its high profits acted as an incentive to competition from both existing suppliers and new entrants into the market.

Although there was no evidence of anti-competitive practices by Nestlé or sufficient weaknesses in price competition to justify intervention, the commission did find that own-brand prlces reacted more quickly than branded goods to the fall in raw coffee prices and Nestlé could have adjusted its prices sooner.

In 1989, 39,000 tonnes of instant coffee worth £500m were supplied for retail sale in the UK. More than 200 brands are available in the UK with the leading snpermarkets stocking an average of 30.

The commission said Nestlé could expect its biggest challenge to come from improvements in the quality of supermarkets' own brands.

The Britisb drink naarly 100m cups of coffee every day, 90 per cent of it instant. Nescafé, the brand leader, has 38 per cent of the market and contributes more than 85 per cent of Nestlé's profits.

Maxwell House, made by General Foods, has 9 per cent of the market, Gold Blend, also made by Nestlé 7 per cent, and Brooke Bond's Red Mountain brand just over 5 per cent.

Retail prices range from 50p per 100 gramme jar of coffee/chicory mixture to £2.55 for super premium coffees.

Nestlé yesterday welcomed the commission report. It had expected a positive finding because the market was "one of tha most competitive in the UK grocery trade", it said.

Because the commission's assessment rests largely on its finding that there are no serious barriers to entry into the soluble coffee market, the director general of fair trading has announced that he will keep the market under review to ensure that it remains competitive.

Rationing for power sell-off

By Clare Pearson

THE MINIMUM allocation in the privatised electricity generators will be not less than 250 shares.

However, when the government decides this weekend how to make allocations under the public offer for National Power and PowerGen, some people who made very big applications are expected to receive no shares at all.

Rationing of shares, with the allocations on very large applicants probably decided by a form of ballot, is necessary because tbe offer was oversubscribed when it closed on Wednesday. It is thought that just over 1.9m people applied for about five times the £600m of shares initially set aside for them.

The government is likely to follow usual privatisation practice and favour the smaller investor when it decides how to scale down applications. Clawback from overseas buyers and UK institutions means the public will get in total 49 per cent of the £2.16bn offer.

Strong gains this week in prices of companies already quoted on tbe stock market have virtually assured the generators of a successful debut wben dealings start on Tuesday. Yesterday the highest City estimate of the price at whicb the shares would start trading was 130p, compared with the 100p partly-paid price.

However, 130p appeared to be higber than Institutions were prepared to pay in a tender. They had been invited to rebid for shares not included in the public offer at prices above the 100p partly-paid price. Initial estimates were the average bid had been at 120p.

London stocks, Page 13

THE LEX COLUMN

The banker's fear of flying

The financial lessons of tha collapse of Mr Harry Goodman's International Leisure Group are sadly apparent. Mr Goodman's crucial error was that in buying out his company for £157m in 1988, ba swapped equity for debt at precisely the wrong point of the cycle. In its last weeks, ILG tried to reverse the process by asking the banks to take equity back in exchange for debt. But of course the banks, having pressed the wrong kind of financing on their client when the cycle was about to turn down, have refused to supply the right kind when the cycle is about to turn up again.

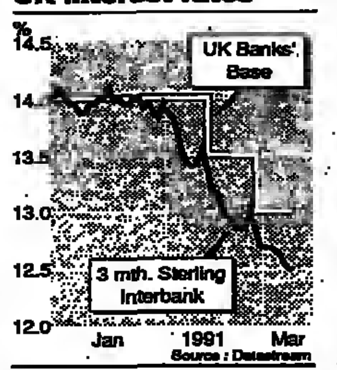
The logic of the buy-out is worth recalling. Mr Goodman, having decided to buy large numbers of aircraft, argued that this meant he had to go private, since the stock market would not tolerate the resulting short-term drop in earnings. At the time, the market seemed condemned of short-termism by the fact that the banks were apparently prepared to take a longer view. In fact, as Lowndes Queensway, Magnet and others were to show, the banks were doing nothing of the kind. They were simply stuffing money down tha throat of anyone prepared to swallow it.

As for the airline industry, it is perhaps salutary that Air Europe should fail just a few days after the government's decision to open up Heathrow. Creating genuine competition in a market dominated by British Airways was going to be tough at the best of times. Trying to do it when airline finances are battered by recession and the Gulf now looks more than ever like politicians' wishful thinking. The immediate beneficiary of Mr Goodman's demise, though, is the Dan-Air holding company Davies and Newman. Improved loads on its Gatwick operations should help reduce the pressures on its own stretched balance sheet, while the opportunity to apply for its rival's more lncrative route licences helps its long-term strategy. The 35 per cent jump in Davies' thinly traded shares yesterday was a candid response to Air Europe's difficulties.

On the debit side, aircraft manufacturers will no donbt wince at the thought of more aircraft the market and forward orders that will have to be cancelled. There is probably enough of a backlog for Air Europe's Fokkers and 757s to go elsewhere. But the same cannot be said for Rolls-Royce-powered McDonnell Douglas

FT-SE Index: 2,455.8 (+17.3)

UK interest rates



airliners for which the aero-engine maker may already have incurred as much as £20m of certification costs. With Rolls recovering 6p yesterday, the market was assuming that this problem had been taken care of by the £250m exceptional provision that accompanied Thursday's awful results. As for BAA, while fears of bad debts look wide of the mark, Air Europe's demise means the loss of 20 per cent of Gatwick's traffic, at any rate in the immediate term.

Electricity

Those small investors lucky enough to be allocated shares in the electricity generators will have a lot to thank the government for. In effect, they have held a free option on the shares in the fortnight between pricing and the close of applications, during which tima the FT-SE has risen by 6 per cent. Any downside risk for investors disappearad when it became clear that the institutions were prepared to subscribe for the whole issue at a yield below 6.3 per cent. Indications from the back-end tender suggest institutional bidding for the shares at yields as low as 5½ per cent. That implies a 25p premium when dealings in the partly paid shares start on Tuesday.

Meanwhile, the regional electricity company package has significantly underperformed the rising market and currently yields a prospective 6.2 per cent. So tha less risky RECs look set to yield more than the generators once dealings start. The explanation for this anomaly lies in the recent rush by the institutions to buy exposure to stocks more geared than the RECs to falling interest rates and economic recovery. If the corporate sector continues to deliver bad news and tbe prospect of dividend growth recedes, tba RECs should make up lost ground. When the market really calls the turn, they will no doubt be left behind again.

Markets

Tba strength of tha UK equity market yesterday might have seemed an odd response to the Tory by-election defeat. According to the old rules, the longer the general election is postponed, the longer the market must wait for electoral carrots such as base rate cuts. But the market seems convinced by the official line that interest rates are now purely a product of market forces. On that basis, the next cut is only a matter of timing.

The real impulse behind this week's extraordinary performance in UK equities, though, has been international. Tha theory now gaining ground is that the Gulf crisis had the effect of accelerating the economic cycle, making the downturn both shorter and deeper than it would otherwise have been. In that case, the recovery should be sharper as well. Though the evidence is slender, there is little point in fighting the trend.

Grattan

While the battle for Grattan looks ever more like a game of financial ping-pong, the Next board is in danger of making a hash of the final rally. One suspects that every time Sears lobs in a bid, Otto Versand will top it by £1m until its opponent tires. For Next's directors to keep recommending Otto's lower offer sits oddly with the company's well-known financial difficulties. The priority for Next shareholders must he hard cash. For the board to argue about quality at this point seems a touch academic.

As for Sears, it was right to act quickly in raising its bid. For a company accused of over-paying for assets in tha past, it may finally have found a business worth fighting for. At £155m, it is still looking at a considerable surplus of book value over price, even if a write-down in asset values would follow a successful deal. Sears' shares were unchanged yesterday, which suggests the market either accepts tbere will be minimal dilution or does not beliave the company will succeed. The next shot will come from Otto. In the meantime, investors might be tempted to take profits on the near-trebling of Next's share price since mid-January.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Aachen Mch	790	+	30
Asko	785	+	25
Hapag Lloyd	410	+	25
Mercedes	538	+	13
Porsche	850	+	20
Viag	362	+	17.5
NEW YORK ($)			
Rises			
Fleet/Norstar	17⅝	+	1⅜
Merck	105⅛	+	⅞
Proctor & G.	85⅞	+	⅝
Reebok	23½	+	1
Falls			
Corrections	7⅝	−	⅞
Merrill	12½	−	½
New York prices at 12.30.			
PARIS (FFrs)			
Rises			
Beghin-Say	741	+	22
Havas	555	+	12
Falls			
Air Liquide	680	−	18
Cetelem	655	−	15
Peugeot	548	−	12
Poliet	536	−	28
TOKYO (Yen)			
Rises			
Fuji Kisen	772	+	100
Pasco	1170	+	100
Sumitomo Mtl	1700	+	170
Tanifuji Mach	840	+	100
Tohto Suisan	820	+	85
Tsumara	2200	+	190
LONDON (Pence)			
Rises			
Antofagasta	513	+	58
Barclays	463	+	15½
Davies Newman	155	+	40
Enterprise Oil	611	+	14
Interlink Exp.	170	+	22
Laird	235	+	13
Logitek	28	+	2
Mid. & Scot.	129	+	12
Midland Bank	197	+	8
Ramsden's (H)	105	+	15
Rosehaugh	92	+	15
Unidare	250	+	35
WPP	155	+	20
Falls			
ASD	78	−	5
BTR	382	−	12
Norfolk Hse.	60	−	82
Quicks	55	−	22
Telfos	102	−	10
Westbury	185	−	15

Travel collapse

Continued from Page 1

He said 34 of the carrier's 37 aircraft had returned to the UK. However, one complication is that 22 of the aircraft have been lmpounded because administrative receivers were appointed at 1.24am yesterday to two other ILG group companies, AE Finance and AE Norsk, when a $315m (£166m) demand by a debenture bolder was not met.

Britain's Civil Aviation Anthority said the administrators would bave to satisfy it that the company was able to secure necessary additional financing to operate througb the summer travel season.

Dan-Air, another Gatwick-based carrier, said it bad applied for licences to fly to many of Air Europe's scheduled destinations.

The High Court was told yesterday that another ILG company, the identity of whicb was not disclosed, was trying to put together a rescue package to keep its tour operations alive.

Mr Gregory Hill, counsel for the unidentified company, said "valiant efforts" were being made.

Mr Richard Adkins, counsel for the five companies, said: "A major financial crisis bas occurred within the group, precipitated by falling revenues and increasing costs, due in part to the recession and in a large part to the Gulf War."

Recession and the decline in air travel caused by the war were also blamed yesterday by British Airways for its decision to witbdraw flights from Gatwick to Stockholm, Karachi and Barcelona and services to Gambia and Sierra Leone.

Mr Adkins said Lloyds Bank, ILG's principal banker, had lent on an unsecured overdraft basis, with cross-guarantees from all group companies. When Mr Justice Harman expressed concern about future financing, Mr Adkins said Lloyds had agreed to make £100,000 available "just to prime the pump".

The court was told the company had a net deficiency of £15.4m at October 31 1990, and had lost £50m in the three months to January 31. When contingent liabilities were taken into account, "there is a buge deficiency," Mr Parry said.

The administrators are Mr Wallace and Mr Tim Hayward at ILG itself, Hudson Place Investments, the ultimate holding company, and Air Europe, and Mr Hayward and Mr Bill Ratford at Intasun Travel and ILG Travel.

WORLDWIDE WEATHER

UK today: low pressure over Wales will move slowly north bringing periods of rain to the Cornish peninsula, NW England, Ulster and Wales. Elsewhere, showers will be scattered with bright spells and it should remain mild everywhere.
Outlook: sunny intervals and showers, getting drier on Monday.

		°C	°F
Ajaccio	C	19	66
Algiers	C	14	57
Amsterdam	C	12	54
Athens	S	18	64
Bahrain		-	-
Barcelona	C	13	55
Belfast	R	7	45
Belgrade	S	11	52
Berlin	S	10	50
Biarritz	F	15	59
Birmingham	C	12	54
Blackpool	F	14	57
Bombay		-	-
Bordeaux	F	18	64
Boulogne	F	14	57
Bristol	R	10	50
Brussels	C	11	52
Buenos Aires		-	-
Budapest	C	6	43
Cairo	S	22	72
Cape Town	S	22	72
Cardiff	R	9	48
Chicago †	S	-6	21
Cologne	F	13	55
Copenhagen	F	5	41
Corfu	S	18	64
Dallas †	S	3	37
Dublin	R	7	45
Dubrovnik	F	19	66
Edinburgh	R	5	41
Faro	C	15	59
Florence	C	18	64
Frankfurt	C	13	55
Geneva	C	14	57
Gibraltar	R	13	55
Glasgow	R	7	45
Guernsey	R	8	46
Helsinki	S	1	34
Hong Kong	C	23	73
Innsbruck	R	16	61
Inverness	Fg	6	43
Isle of Man	C	8	46
Istanbul	F	8	46
Jersey	C	10	50
Johannesburg	F	21	70
Las Palmas	C	20	68
Leeds	C	11	52
Lisbon		13	55
Locarno	R	9	48
London	F	14	57
Los Angeles †	S	11	52
Luxembourg	C	11	52
Madeira		18	64
Madrid	C	11	52
Majorca	C	15	59
Malaga	F	16	61
Malta	S	20	68
Manchester	F	12	54
Melbourne	S	34	93
Mexico City		-	-
Miami †	S	21	70
Milan	R	11	52
Montreal †	S	-14	7
Moscow	S	-1	30
Munich	S	21	70
Nairobi		-	-
Naples	F	25	77
Nassau		-	-
Newcastle	C	7	45
New Delhi	F	23	73
New York †	S	-1	30
Nice	R	14	57
Nicosia	S	17	63
Oporto	C	12	54
Oslo	C	3	37
Paris	S	14	57
Peking	Sn	1	34
Perth	F	24	75
Prague	F	9	48
Reykjavik	F	1	34
Rhodes	S	18	64
Rio de Janeiro		-	-
Rome	C	23	73
Salzburg	S	22	72
S'Francisco †	S	7	45
Santiago		-	-
Seoul	Sn	1	34
Singapore	F	31	88
Stockholm	F	3	37
Strasbourg	S	11	52
Sydney	S	27	81
Tangier	C	14	57
Tel Aviv	C	17	63
Tenerife	C	19	66
Tokyo	R	6	43
Toronto †	S	-9	16
Tunis	F	24	75
Valencia	C	15	59
Venice	C	13	55
Vienna	S	11	52
Warsaw	C	2	36
Washington †	F	2	36
Wellington	F	15	59
Zurich	S	15	59

Temperatures at midday yesterday † Noon GMT temperatures C - Cloudy Dr - Drizzle F - Fair Fg - Fog H - Hail R - Rain S - Sunny Sl - Sleet Sn - Snow T - Thunder

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Weekend FT

SECTION II

Weekend March 9/March 10 1991

Vatican prepares attack on sins of capitalism

*Pope John-Paul II is working on a declaration which shows him to be a leading democratic socialist, writes **John Wyles***

WHEN ALL the speechmaking is done and the writings published, it is quite possible that the most prominent advocacy of socialist democratic values in Europe this year will come not from the likes of Willy Brandt, Felipe Gonzales or even Neil Kinnock, but from Karol Wojtyle, the Polisb pontiff wbose frequently contrnversial views sometimes suggest a quiet loathing for aspects of liberal capitalism.

His mix of political pragmatism and courage, traditional theology and spiritual intensity, has established his Papacy as one of the most active of this century. He has been a relentlessly political Pope, challenging liberation theology, championing the cause of freedom in opposition to communist totalitarianism in eastern Europe and battling for a recognition by the developed world of its duty to advance the economic and social rights of the developing countries,

Having played an important role inthe collapse of communism in central and eastern Europe and having secured legal guarantees for religious freedom in Mikhail Gorbachev's Soviet Union, the Pope has accomplished the first part of the mission, which observers believe he set himself at his election in 1978. His success presents the Church with the exciting possibility of what the Vatican calls "re-evangelising" eastern Europe. But it also presents its Pope with fresh difficulties. For re-evangelisation requires him to establish that the Catholic Church is as relevant to the new objectives of these countries as it has been in keeping alive ethical and spiritual values during 40 years of communism.

The cutting edge of John Paul II's spiritual message and his own personal sense of mission have been driven by a belief that the battle against totalitarian communism was one of Good against Evil. The evaporation of this conflict leaves him with the task of rebuilding the Church in central and eastern Europe. He also has to fashion a message which acknowledges that many of the aspirations of these countries focus on the material acquisitions the pnrsuit of which, he belleves, has corrupted Christian life in the West.

The Catholics of central and eastern Europe – the majorities of the populations of Poland, Hungary and Czechoslovakia and important minorities in Romania, Yugoslavia and the Ukraine – are looking to the Vatican for help and guidance in their difficult transitions to pluralist, liberal societies. John Paul II has made clear his determination to respond; he has declared 1991 "the year of social doctrine" and has called an unprecedented synod of bishops from the two halves of Europe to meet in Rome in October.

The fascination for non-catholics who appreciate the Pope's skills in walking the political high wire will lie in observing how narrowly he avoids presenting the societies of western Europe and the United States as examples to be avoided by the new democracies. The Pope's commitment to democratic values is beyond question, but the fact that they have thrived in the west has not made him an admirer of the societies which nurture them. Many of his criticisms and much of his advocacy reveals an attraction to collectivist values. He will want to see these preserved in eastern Europe, to the extent that they provide for popular welfare through housing, health, education and transport.

The Vatican is nervous about acquiring political labels, but John Paul II has long been one of Europe's leading socialists. Indeed, the pinkish blush which the church'e social teachings have acquired over the past century, with their emphasis on the responsibility of governments to guarantee human dignity and social justice, has been given a deeper hue by the two social doctrine encyclicals of this papacy, *Laborem exercens* of 1981 and *Sollicitudo rei socialis* of 1987. In May, the Pope will issue a third with the needs of eastern Europe very much in his mind.

This encyclical is meant to celebrate the centenary of the publication of Leo XIII's counter-attack on Marxism and revolutionary socialism – the encyclical *Rerum Novarum*. The Polish Pope, virtually all of whose formative experiences were lived in circumstances of political repression and centralised economic control, must sculpt a teaching for societies gingerly returning to the capitalist road.

It is a task which Pope Wotyla and the Roman Curia are approaching with care. The Pope's preparations have included a seminar with a team of international economists while a team of experts at the Papal Commission for Justice and Peace have been sending him drafts of the encyclical. No-one yet knows exactly what direction it will take, but it is certain to build on themes developed in its two predecessors on the dignity of work, the ethical valne of putting wealth at the service of the poor and the need for the developed world to end its exploitation of the third world.

It also seems possible that the Pope may harness a religious ideal to a political process. He said last year that "tbe Church must learn to live with two lungs," using an organic metaphor to postulate as an objective the spiritual unity of Europe.

He has long nurtured this ambition and may believe that it is moving closer to his grasp. During his first visit to post-communist Czechoslovakia last year he proclaimed that a united Europe was "no longer a dream" and nor was it a purely political and economic process. "It has a profound cultural, spiritual and moral dimension. Christianity is at the very roots of European culture," he said.

European culture, be might have added, is at the roots of catholicism, although it is losing its hegemony. When Pius XII died in 1958, Europe had the largest number of baptised catholics. It provided 36 (18 Italian) of the 55 cardinals called to elect his successor. Only 13 were from the Third World. When Karol Wojtyla was elected in October 1978, the largest number of baptised catholics was by theo in Latin America and there were 56 non-Europeans in the Sacred College, outnumbering, for the first time, the 55 European cardinals. And 44 of the oon-Europeans came from the developing world.

In the eyes of the Vatican, Europe has been losing not only its ecclesiastical dominance but also its moral authority. The Pope and his cardinals have increasingly seen both western Europe and the US as societles which have sacrificed spiritual values for material vices. "Since the second world war the fall in religious practice in western Europe is tbe largest since Christianity first reached Europe," writes Fr. Franc Rodè, the Yugoslav secretary of the Pontifical Council for Dialogue with Non-Believers. The situation, he goes on, is characterised by "a diffused and generalised scepticism, consistently denying all transcendental values, in hedonism and moral laxity, in the absence of professional values, in family life and in social relations."

It was this kind of analysis whicb explains the quite violent tone – which Fr Rode concedes was "anti-capitalist" – of the 1987 encyclical *Sollicitudo rei socialis*. Though it sets out to be an even-handed condemnation of the impact on the Third World of "imperialism" and "neo-colonialism" practised by both east and west, the 20,000 word encyclical scorned the west's "superdevelopment" which "makes people slaves of possessions and of immediate gratification, with no other borizon."

While the Pope clearly favours open democratic societies, he violently disapproves of the economic and social cultures which they have developed. These were dominated by the personal sins of an "all consuming desire for profit" which the encyclical implied was the moral equivalent of totalitarian communism's "thirst for power, with the intention of imposing one's will on others."

The encyclical went on to stress, as did the Second Vatican Council and as does every senior official in the Curia, that tha Church's social doctrine is not a "third way" between liberal capitalism and marxist collectivism "nor even a possible alternative to other solntions less radically opposed to each other." The purpose was solely "to interpret reality and to guide Christian behaviour."

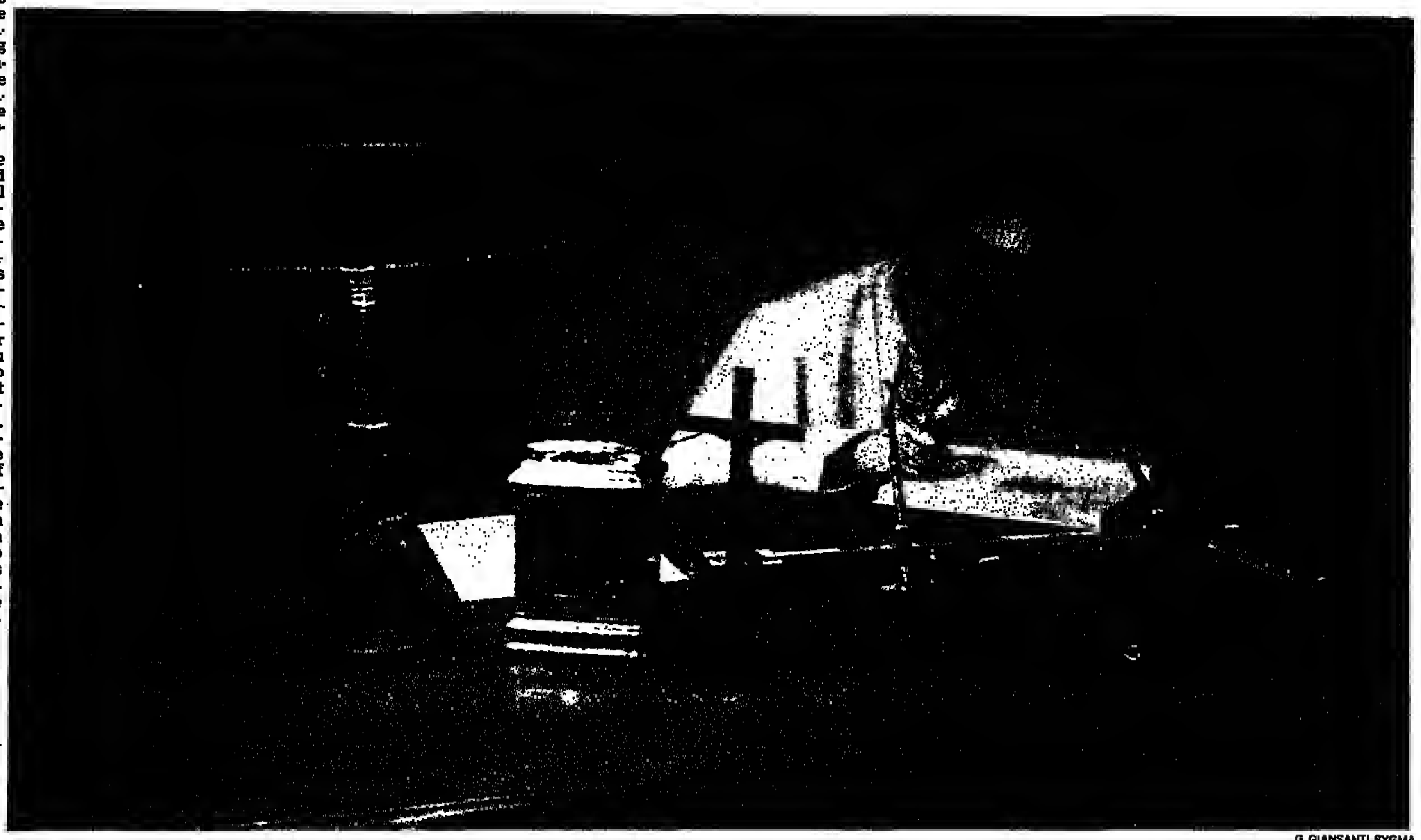
While it may be intellectually possible to divorce consideration of a particular economic eystem from its effects on human lives, the impression the Pnps gives is that he can find little more to praise in liberal capitalism than in marxist communism. In a talk last year with Mexican businessmen, he was at pains to challenge the "superficial way" in whicb the changes in eastern Europe had been interpreted as a triumph for liberal capitalism. Some "interests" be said were seeking to present the winning system as the only way forward for the world, avoiding the "just criticism" whicb should be made of the effects of liberal capitalism on the third world.

It was equally wrong, said the Pope, to claim that the Church's social doctrine condemned any particular economic theory. It was interested only in the effects of that theory when they violate or put in jeopardy human dignity. Nevertheless, in the same address the Pope went on to emphasise those elements of his teaching in the *Laborem exercens* encyclical which were at odds with the practices and even the motivations of market economies.

Labour, ba said, was not just a commodity which could be bought and sold; the only legitimate claim to ownership of the means of production can be that they are put at the service of labour. Businessmen must respond "to the just requirements of the common good" and must not succumb to "the grave danger" of striving for personal gain – "usually linked to the thirst for power."

This is a doctrine which many in the Vatican believe will win a response in eastern Europe where personal gain as a motivation and entrepreneurialism as an activity are regarded with suspicion. Fr Rodè said discussions with members of the Soviet intelligentsia and communist party politicians have revealed "a strong appreciation for our social doctrine."

Many in the Vatican are disposed not only to idealise the chuches of eastern Europe for managing to survive more than 40 years of repression, but also to see them as a possible source of renewal for western european catholicism. John Paul II is unlikely to be too concerned if in preaching a Gospel based on still more overtly socialist values, he upsets western governments of a more conservative stripe. They will come and go as economic theories move in and out of fashion. But if the Church cleaves to a vision of a society based on an ethical order and the law of God, then he believes there will always be a Bishop of Rome with the moral and political authority to challenge the civil power. Indemocratic



G GIANSANTI SYGMA

The stock market trumps the bankers

The Long View

BARRY RILEY

On one measure share prices are hitting all-time highs, but on another they have halved from their peaks. It all depends on who is doing the buying and the selling

THESE DAYS companies are sellers, not buyers, as far as the capital markets are concerned. It is portfolio investors who have the upper hand now.

There was an almost macabre touch this week to the spectacle of the Swiss financier Werner Rey eelling off key parts of his empire in a vain attempt to stave off receivership for his master company Omni Holding, while all around the globe stock markets were racing upwards as billions upon billions were added to the wealth of equity investors. Yet it is only about two years since the Murdochs and the Trumps were still embarked on a debt-financed buying spree while stock markets languished.

Regular readers of this column will remember my periodic comments on the relative health of the two parallel markets in corporate assets, the public stock market in which shares are traded between investors and the inter-corporate market in which whola companies are bought and sold. Until the end of 1989 values in the latter sector were much higher, often as much as twice as high as on the stock exchanges. When institutional fund managers sold out to bidders at premiums of 50 or 100 per cent to what they considered their investments were fundamentally worth they were dismissed as "sbort-termist". Tempting torrents of junk bonds and bank loans encouraged ambitious entrepreneurs to build ampires almost regardless of price. But that credit has dried up. Corporata buyers are few and far between, and more discriminating in terms of price, while professional investors around the world appear to have recovered their nerve, though only time will tell whether their judgment is right.

The stock market is back on top. In the UK the FT-SE 100 Index stood briefly in all-time high ground during Wednesday and yesterday, and in the US the Dow Jones Average did mnch the same. But the level of prices for inter-corporate transactions is a different matter. When Coats Viyella bid £194m for Tootal on Monday it was offering only half the price at which it failed to win the company nearly two years ago. And although Next has now received sevaral rival bids between £140m and £155m respectively for its mail order subsidiary Grattan, it is nevertheless in line for a hefty loss on the £300m it paid in 1986.

This halving of prices seems typical. Last October the debt-riddan Cookson Gronp was forced to sell its half-interest in Tioxide to its partner ICI for £160m, compared with £350m at which stock market analysts had valued the stake in better times. Being forced into this kind of corner can be expensive. True, Cookson's share price has doubled from the 70p at which it stood at the time of tbe Tioxide deal, helped by that and other degearing measures. But it stood at over 400p in 1987, and Cookson's shareholders can forget about all-time highs for a long time.

This year's recovery in stock market prices has turned all kinds of companies – not just those overburdened with debt – into sellers of shares. Sir Ron Brierley unloaded his £100m stake in Vickers last month, for instance, and our own bosses at Pearson have cashed in a £300m holding in the Dutch publishers Elsevier. Suddenly shares are wortb more to investors than they are to companies: what a turnround in the less than two years since Sir James Goldsmith was touring tbe City of London and pointing with a long white stick at charts illustrating how he would go about unbundling BAT Indnstries, essentially by buying it from investors and selling its component parts to companies.

In 1989 British industrial and commercial companies invested some £18.5bn in each others' shares, financing this mainly ont of bank borrowings, which increased by £33bn tbat year. Finance directors turned their noses up at the idea of issuing new shares to the public themselves: net equity issues were only £1.9bn compared with a massive £13.4bn in 1987 when the stock market was unusually high. But in 1990 tha corporate purchases of shares fell to £2bn, though new issues remained st a low level. The scene is set for a complete turnround this year: companies could be unloading shares in other companies, and issuing their own on a large scale through rights issues and placings. It will be the turn of the banks to see their business fade away.

You could say this is a victory for the stock market and a defeat for the credit markets: the income-based valuation criteria of portfolio investors are once again dominant, while the bankers are dispatched back into their parlours to cut their dividends and ponder on their risk assessment techniques.

We are already promised the flotation of Mirror Group Newspapers this summer, complete with Andy Capp in the prospectus. The new issue scene, largely dominated by a non-price-conscious Govarnment in the recent past, could now be recaptured by private sector companies. As for already listed companies, finance directors will have to start cultivating their institutional shareholders with s little more enthusiasm, however insincere. After all, the bankers are no longer knocking on the door these days with new loan offers, but are hinting that early repayment just might be a jolly good idea.

This reorientation could happen quite quickly for large companies. With small companies, though, it could be a different matter, even if it is true that the revival nf stock market sentiment is nowhere happening more quickly than in the small capitalisatioo sector, where tbe County NatWest Smaller Companies Index has put on 21 per cent since the end of January against 13 per cent for the Footsie.

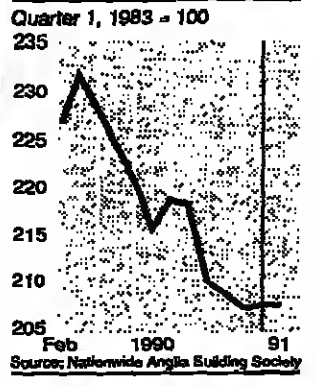
But many small listed companies have been appalled by whet bas happened to their stock market ratings, and the marketability of their shares, during tbe past couple of years. A high share price is potentially a powerful cure for the bruised egos of their executives, but it will take time to soothe the accumulated pain and repair the ruined share option schemes.

CONTENTS

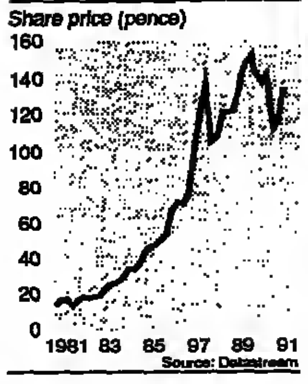
MARKETS

FINANCE & THE FAMILY: THIS WEEK

UK house price index



M&G Midland



House price index holds steady

Nationwide Anglia Building Society'a house price Index was virtually unchanged last month, suggesting that the property merket has finally bottomed out. The fall in pricas has been steap – the everage house price, of £57,661, was 8.4 per cent lower then the equivalent price for a year earlier.

Now, Nationwide ia bullish about the prospects for the rest of the year. Falling mortgaga rates ahould give the market a "modest kick start" and help prices to rlae by eround 5 per cent this year, with the firet Increases in south east Englend, It said. *John Authers*

Unit trusts enjoy better month

Unit truets had a good month in Februery, as the atock markets reacted enthusiastically to the expectation of Allied victory in the Gult war. Offer prices Increased by an average of around 10 per cent over the month. Over the past year, however, the average trust is still recording a loss and it ought to be emphasised that unit trusts ehould only be bought as a long term investment.

The merits of a long term holding are shown by M & G Midland, the best parforming truet in the UK ganerel sector over ten yaers, with a 633.3 per cent rise (offer-to-bid with Income relnvested). The trust has struggled over the past three yeere but ia fourth In the aector over fiva years and third over aeven years. *Philip Coggan*

Measly offers on the High Street

The retes being offered on Interest-bearing current eccounts from the big four High Street banks have fallen to msasly levela. Balances below £500 earn net rates of batween 2.5 (Midland Orchard) and 3.5 per cent (Nat West Current Plus); above £500 the beat rate ia only 4.5 per cent, from Midland Orchard. Save & Prosper conducted the survey; the Moneyfacts table on page IV shows tha best rates available from high Interest cheque accounts. *P C*

Mortgage cuts continue

More naws Of mortgaga rate cuts ceme this week es lenders reacted to the latest base rate reduction. Alliance and Leicester and Scarborough both sald axisting borrowars would sae a 0.75 per cent cut to 13.75 per cent from April 1. Capital Home Loans ls cutting the rate for all borrowers from 14.55 par cent to 13.70 per cent from April 1. Household Mortgage Corporation will be cutting its rate by 1 per cent to 13.95 cent from the Mey peyment. Various fixad rates are on offer, all of which have redemption penalties of three montha Interest during tha fixad parlod: 11.5 per cent for threa yeers from John Charcol (arrangamant faa of £300); an 11.95 par cent ona yeer capped mortgage from Bank of Ireland (errangament fee £200); and a two yaar step-down mortgaga for first-tima buyers from Citibank, which fixes the rate at 12.5 per cent for tha first year and 11.95 per cent for tha second (£195 arrangament fee). *P C*

Nationwide lowers rates

Netlonwide Anglia Bullding Society has cut its savinge rates across tha board as from March 18. Net retes are falling by around 0.75 per cent on most accounts; although soma cuts ara greater. Those with £25,000 to £49,0999 In e monthly income account are seeing their net rate fall by 0.9 per cent from 10.88 to 9.98 per cent. Gross rates on its FlexAccount are falling by between 1 and 1.5 per cent; on the Cashbullder by eround 1 per cent; on the Capitalbullder and Monthly Income by between 1 and 1.2 per cent; and on the Prestigsbond by between 1 and 1.15 per cent. Tessa rates are falling from 15.5 to 14.4 per cent on the bond; from 14.5 to 13.5 per cent on monthly income; and on the Flexible savings plan from 15.15 to 14.10 for £3,000 and from 15.5 to 14.4 psr cent for the maximum £9,000. *P C*

Helping hand on tax matters

Greig Middleton, the stockbroker, Is sponsoring the enterpriae zone truat originally organised by Chancery, the financial services group which went into administration laat month. The EZT, which invests In the Fleet building, in Docklenda, was the last of Chancery's algnificant assets to find e new sponsor. Tha entry by Greig Middleton (071-247-0007) meana there are four EZT providers. The others ere Capital Ventures, (0242-584380) Laser Richmount (071-321-0220) and Property Enterprise Managers. (071-486-5267). See page V. *J A*

INSIDE . . .

The power grab takes shape

The public offer for National Power and PowerGen sheres was 4.5 times subscribed. **Clare Pearson** and **Philip Coggan** examine the way the ahareout will work. **Antony Casswell** calculates real returns on equitiee. **Page IV**

How to beat Lamont's deadline

John Authers looks at Investment choices which faces UK Investors should make before then end of the tax year on April 6. **Page V**

LONDON

Is there a cliff ahead for the lemmings?

THE SIGHT of the world's stock markets all galloping ahead inevitably conjures up images of lemmings, those much-cited but seldom seen Arctic rodents. The question then arises: is there a cliff ahead?

In fact, the case for a bull market haa beeo well rehearsed for some time. Market sentiment was depressed last year by the Gulf conflict and the onset of recession in the US and UK. US investment fund managers, who decided that peace in Kuwait would spell a swift return to prosperity, started a boying rush in Londoo on Tuesday whicb was magnified by Wall Street'a strong performance that day.

The FT-SE 100 rose nearly 40 points on Wednesday and, altbough prices fell back on Thursday, London ended the week with a confident flourish, closing at 2455, only 8.7 points short of the previous peak close, set in January last year.

The London market bas risen by nearly 20 per cent since the start of the war on January 16. Althougb in previous weeks tbe City had been encouraged by the prospect of lower interest rates and the possibility of an early general election, this week London's climb was in line with – and occasionally lagged – rises on other European bourses.

There remain reasons to question the speed of London's bounce. During the tbe Gulf crisis, institutional managers were careful to stay fairly liquid, fearing that any serious setback for the allies would knock share prices. Sitting on cash makes less sense now the war is over and share prices are rising. Managers will sooo meet their pensiou fund trustees for the assessment of fund performance in the first quarter, and no-one will want to have been teft on the sidelines of a still rising market.

Technical factors have also increased the volatility of the London market. Ever since the 1987 crash, when brokers lost buge amounts, most traders have not been allowed by their managers to keep open positions in stocks overnight. This means that when the market does move forward, there can be a desperate scramble among market-makers to find shares to sell, whicb itself increases the upward pressure on prices.

Tbe merket's eletion on Tuesday was distinctly at odds with the mood at Midland Bank, where Sir Kit McMahon, executive chairman of Britain's third largest clearer, was falling oo his sword. Midland's decision to cut its dividend had heen been signalled in advance, but halving the full-year pay-out, plus doubling of loan loss provisions to £703m, demonstrated tbat Midland retains an unenviable capacity to deliver nasty surprises.

Sir Kit is not the first and will certainly not be the last person to lose his job in the UK recession, but the sight of a former deputy governor of the Bank of England carrying the can underlined Midland's predicament in a way no other gesture could have.

Recession also figured in what should have been good news for tha City: a £194m hostile bid for Tootal, the UK sewing thread and clothing company, from Coats Viyella, one of Europe's largest textile groups. Coats said the effect of the economic downturn on Tootal's performance was reflected in its offer being less than half the £395m it bid for Tootal nearly two years ago.

Two companies which showed solid defensive qualities last year were SmithKline Beecham, ths pharmaceuticals company, end Cadbury Schweppes, the confectionery and soft drinks group. SmithKline Beecham reported e 19 per cent rise in pre-tax profits, and Cadbury's pre-tax figures were 14 per cent ahead.

Fisons, the pharmaceutical, horticultural and scientific equipment group, also met the market's high expectations with a 36 per cent rise in pre-tax profits last year to £230.2m.

Predictably, there was less happy news from the industrial front. GKN, the automotive and industrial services group, said at least another 1,000 redundancies were in prospect over the next year. It blamed a 19.9 per cent drop in pre-tax profits on falling car sales in the UK and other key markets, and deteriorating conditions in the construction industry.

BICC, the cable and construction gronp, saw pre-tax profits fall 9 per cent last year because of the recession in the UK, Australia and Canada and said conditions were unlikely to improve much this year.

Less expected was the 24 per cent decline in pre-tax profits reported by Rolls-Royce, ths aircraft and marine engine manufacturer. It cited higher than expected research and development spending, a £50m provision to cover restructuring, and the repercussions of the Gulf war on the commercial aero-engine market.

The fate of British-owned manufacturing was the subject of e trenchant report from a cross-party Lords committee, which said the industry could almost disappear if the government does not abandon it "hands-off" attitude and try to arrest the decline.

No doubt manufacturing policy – or lack of it – will figure strongly in a future general election campaign, which may well have been delayed by the huge protest vote in the Ribble Valley hy-election against the poll tax.

A fierce dehate is already raging, however, among Britain's managers about the depth and likely length of the current UK recession. The Institute of Directors said business confidence among executives was at its lowest level since it started surveying the subject in 1983. But the Confederation of British Industry said gloom about the economy was overdone and some parts of it seemed to have "ticked up noticeehly" since the end of the Gulf war.

Whatever view one takes, the recent rise in the London market seems to have had little to do with such questions. The chart shows that the strength of shares in the 80s came et a time of historically high dividend growth, after allowing for inflation. Yet the City expects average dividends to rise only 5 per cent this year – wiping out any real dividend growth.

Since the beginning of the year, institutions have been looking for reasons to buy – and peace in the Gulf plus economic optimism in the US have fitted the bill nicely. Having come so far so fast, the market seems to have comfortably consolidated its gains – but it is difficult to think of domestic reasons which will drive prices much higher.

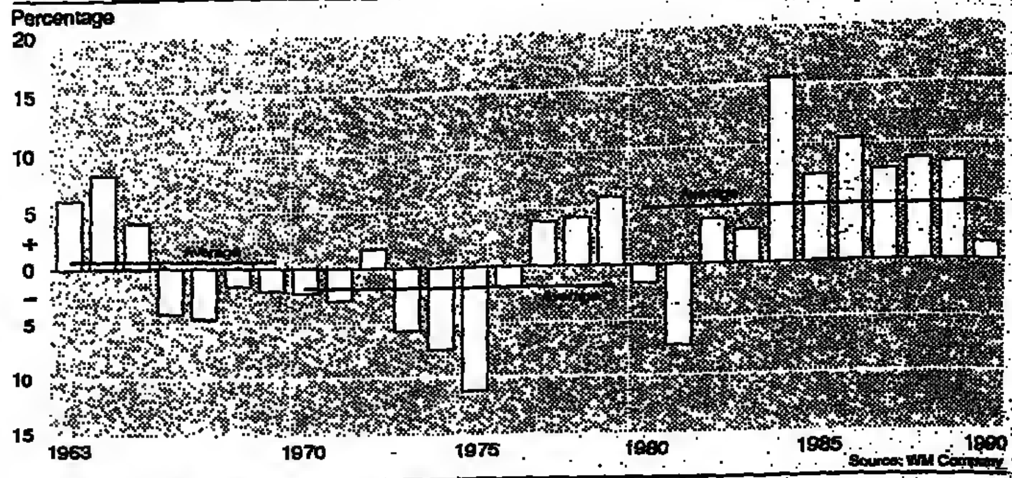
The bulls have had an early spring outing. They are likely to sniff carefully the economic breeze from across the Atlantic before charging forward again.

Andrew Bolger

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1990/91 High	1990/91 Low	
FT-SE 100 Index	2455.0	+68.1	2463.7	1990.2	Global market trends
ASD	76	+40	113	38	Bid talks
BICC	419	-19	488½	302	Profit forecast cut
Barclays	463	+34	469	290	Div. buying/switching from Midland
British Telecom	332	+19½	337½	243	Duopoly review better than fears
Coats Viyella	148	+25	158	90	Bid for Tootal
Laing (J.) A	330	-16	347	208	Profit-taking
Pearson	757	+34	806	590	Elsevier stake sold
Persimmon	281	+53	281	133	Positive results
Reuters	880	+84	1318	557½	Prospects for Globex system
SmithKline Bchm. A	750	+41	762	460	Results
Tarmac	266½	-15½	289	188	Profit forecast cut
Tilbury	704	+36	704	415	Joint venture announcement
WPP	155	+68	715	42	Results/brokers recommendations
Yorkshire TV	297	+41	314	217	Hopes for TV franchise auction

Real dividend growth



WALL STREET

Bulls charge, nervously

THE BULLS charged through Wall Street this week, then grew a little nervons at their own andacity and some unsettling economic data.

The market soared on Tuesday, witb the Dow Jones Industrial Average jumping 58.41 in an impressively broad-based advance, as the belief spread that the ending of the war with Iraq will help pull the US rapidly out of recession.

Both large and small investors have been pouring into the market to avoid being left behind in a run which many analysts predict could soon take the Dow to 3,200. A firmer dollar could also bring foreign investors back to the market.

The optimism was underscored by comments from Alan Greenspan, chairman of the Federal Reserve, who said that while the economy seemed to have edged down further through mnch of February, "I think the turn is going to occur in e reasonably short period of time." The question remains how soon and how vigorous any turn will be.

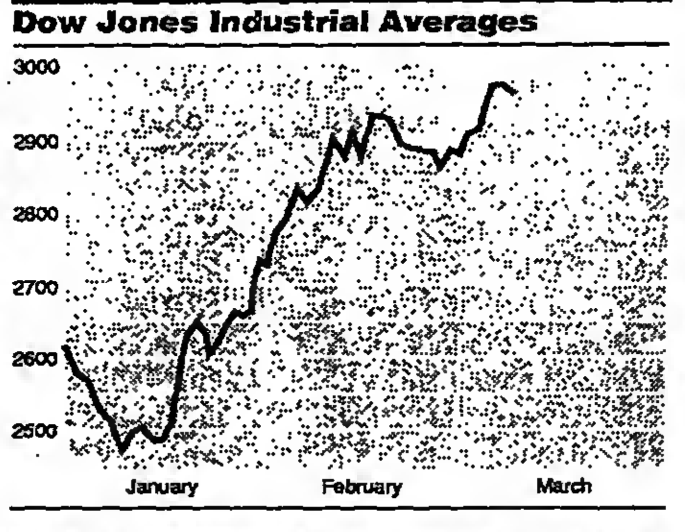
February employment statistics released yesterday gave little or no sign that a rebound was imminent, with non-farm payrolls declining by 184,000, compared to consensus expectations of a 126,000 drop. Several leading retail groups have also reported that sales continned to decline sharply during the month and that there are no indications of a post-war bnying spree. While there is mnch anecdotal evidence of greater traffic through stores and car show rooms, consumer confidence seems likely to recover only gradually.

So while the economic consensus is for a recovery around mid-year, there are plenty of voices suggesting tbet recession will last snbstantially tonger. For example, Richard Hoey, of brokers Barclays de Zoete Wedd, yesterday forecast e second recessionary phase, characterised by slides in exports and capital spending,which would defer recovery to the third quarter. But all these signs of weakness yesterday prompted Mr Greenspan into another qnerter point cnt in the Fed funds rate. That would give fresh confidence to an equity market which has grown mnch more cautious over the last few days.

After its near 500-point surge over the past month and e half, the Dow skirted nervously late this week around 3,000 which it just failed to breach last summer before the outbreak of Gulf fighting. More cautious investors are starting to take profits in the belief that the market has risen too far too fast and is discounting a great deal of good news. With the price/earnings ratio on the Standard & Poors 500 standing at more than 17, and large stocks selling for about 2.5 times book value, this is not a cheap market.

The evidence from the automobile market suggests recovery there is going to be e slow process. Sales of US-built cars fell 4.5 per cent in late February and manufecturers ere planning to build 14 per cent fewer cars in the second quarter than a year ago.

Dow Jones Industrial Averages



This week Chrysler, the smallest and weakest of the Big Three US manufacturers, followed the lead of General Motors and cut its dividend in half. Ford is expected to take similar action next month. The move will not save Chrysler a great deal of money – some $34m a quarter, which compares to the group's drive to save $3bn through cost reduction measures – but it will send e symbolic message to both employees and the markets.

Chrysler's cut was no surprise to Wall Street, but what did come as a bolt from the blue was victory by Amgen, the biotechnology company, in a patent battle with Genetics Institute. A Washington court ended a four-year legal battle by giving Amgen a monopoly in the US for an anti-anaemia drug, partly reversing a lower court decision. Amgen's shares soared , while at one point Genetics Institute's stock plunged by more than 50 per cent. The ruling, coming on the heels of approval for a second new Amgen drug, cements the company's position as the leader of the US biotechnology sector. It is also vindication for Amgen over critics who argued it to compromise by cross-licencing agreement with its rival rather than spend $10m in legal fees. But as an exultant President Bush demonstrated in his war victory address to Congress this week, there are times when fighting rather than compromising can pay handsome dividends.

Monday	2914.11	+ 4.21
Tuesday	2972.52	+ 58.41
Wednesday	2973.27	+ 0.75
Thursday	2963.37	– 9.90
Friday		

Martin Dickson

SMALLER COMPANIES

Share surge lifts the trusts

Small cos indices		% chg on wk
CSCI	970.7	+6.0
HGSC*	1192.93	+5.7

As of March 7. * Capital gains version

THE RESURGENCE in smaller company shares has also led to buoyant times for those investment trusts that target smaller companies.

Many such trusts have recently seen their share price rise strongly, closing the discount from their underlying net asset value (NAV). Some trusts are actually at a considerable premium to their NAV.

TR Smaller Companies, for example, which has been at an everage 14.1 per cent discount to NAV, has seen this gap narrow to 5 per cent from 15.4 per cent at the end of January.

Kleinwort Smaller Companies is at a premium of 8.2 per cent, compared with an average discount of 6.2 per cent over the past 12 months. Aberforth Trust is et an even higher premium of 11.8 per cent, in spite of a 9.7 per cent increase in its NAV over the period to 106.1p per ehare at the end of February.

The narrowing discount is not only a shift from the traditional tendency of investment trusts to trade well below their NAV, it is also a complete turnaround from the dismal trading climate of the past two to three years.

"It's been an exciting month for small company investment trusts," says John Alexander at Touche Remnant. "They've acted like smaller company shares rather than like investment trusts."

The weighted average discount to NAV of smaller company investment trusts was 14.2 per cent in the past 12 months but has now narrowed to 7 per cent. This is also less than the discount to NAV for other investment trusts, which stands at 11 per cent, according to some estimates.

Bargain-hunters may not be triggered into action by these figures, but they are a clear indication that for many investors the trend for smaller companies has already turned.

The closing of the discount gap is all the more striking as it has happened even as the asset values of many investment trusts have gone up. The everage increase in NAV of UK smaller company investment trusts this year, as estimated by County Natwest WoodMac, was 13.2 per cent while the average share price increase was 15.9 per cent.

As smaller companies have come back into favour in the falling interest rate environment, investors are paying more attention to the obvious attractions of investing in a trust than in the specific stocks themselves.

For one thing, they are a relatively safe way to participate in the recovery of smaller companies as they enable investors to buy a wide range of stocks and avoid the risks of investing in what can be very volatile issues. Jason Streets, manager of the Kleinwort Smaller Companies Investment Trust, claims that while investing in smaller companies individually can be riskier than investing in the more stable blue chips, studies have shown that portfolios of smaller company shares were no riskier than those of bigger groups.

But perhaps more significantly, the recent sudden shift in sentiment concerning smaller companies has been a boost. It has created a liquidity problem that has left many large institutional investors unable to obtain the volumes they need in the shares of individual smaller companies.

While an increasing number of institutional investors are eager to increase their expoeure to smaller companies, there are very few investors who own these stocks who are willing to sell at present levels.

"There's a selling strike on smaller stocks," says Alexander at TR. "People who have held onto these stocks are saying 'I've sweated for years over these stocks and I'm not selling at these levels yet.'"

As a result, for those institutions looking to increase their exposure to smaller company shares, the only practical option is investment trusts.

The new enthusiasm for smaller company investment trusts is, nevertheless, selective. Those with assets concentrated in the sound companies within the small company sector, have shown a particularly strong performance.

"Wa are looking for the ability to withstand difficult times," says Streets. He adds, however, that the significant premium Kleinwort'e Smaller Company Investment Trust enjoys is partly due the fact that it is quite an illiquid issue.

Ahsrforth, which was launched in December is helped by its relative newness. Having started after the more shakier companies had more or less heen identified it could avoid them in its portfolio.

Those trusts that have gearing, ie are borrowed, are also attractive, since gearing tends to help the asset performance in a rising market.

Technically, smaller company investment trusts are looking increasingly expensive as their discount to NAV has risen, says Robbie Robertson at County. Institutions tend to buy when these shares are at a discount of over 10 per cent, preferably over 15 per cent.

Their current undiminished enthusiasm indicates that the benefits from the rise in asset values are outweighing tha narrowed discount.

Michiyo Nakamoto

Philip Coggan asks fund managers to explain the latest rally in the stock markets

The Gulf war may be over but . . .

STOCK markets have picked a funny moment to be surging to an all-time record. The war may be over, but there is still the recession to worry about and the difficulties of the financial sector – illustrated this week by Midland – are intense.

Should private investora ignore all the bad news, and like many stock market traders, look ahead to the next recovery? Or have they missed the best of the rally?

Fund managers talked to by the FT are generally agreed that the recent rise has been justified but are less sure about the immediate prospects for share prices.

Among the most optimistic is Tom Crombie of Scottish Equitable who points out that the market has not really gone anywhere for the last three or four years.

"The market was no higher et the start of this year than it was at the start of 1987", he says, "but dividends must be at least 30 per cent higher.

In our mixed pension fund, we are now 97 per cent invested in equities, our gilt percentage is lower than it has ever been. There is not the same mileage in prices as there was at the end of last year but the market could easily go up by another 10 per cent."

He dismisses two of the bear's arguments – that ERM entry which should hring lower inflation and low economic growth will favour bonds over shares – and that dividend growth will be restricted by the recession.

"Modest inflation and economic growth have been historicelly very good backgrounds for equities," he says to the former argument.

And on the lattar point: "There has been a lot of talk about Midland Bank cutting its dividend, but apart from ICI, all the large and medium-sized companies we have looked at over the past twn weeks have increased their payouts."

Nick Train, of GT Unit Managemsnt, is less confident: "If the rise is going to continue, we're going to have to be pleasantly surprised by company profits or interest rates are going to have to fall quite substantially," he says.

GT is not confident on either point. "In the final analysis we are still in e rally in the middle of the trading range we have been in since October 1987 rather than at the beginning of a decisive breakout."

Many managers have confidence that the market still has value in the longer term but could still fall back over the next few weeks.

Dick Barfield, of Standard Life, argues: "I think the market's overhought in the short term but you can still justify these sorts of prices because of falling inflation, which will put the market on a higher basis of valuation."

Leonard Klahr, of Capel-Cure Myers, says: "We've run very quickly – rising 400 points since the middle of January – and we're due for a period of consolidation."

Various factors are cited to explain the recent rise. Barfield points out: "Interest rates have been coming down and a lot of people have been holding cash, which has led to e hit of a buying panic."

Klahr says it bas been a worldwide phenomenon. "In the US the success of the operation in the Gulf has given the country a psychological lift."

Wall Street and Tokyo have gone up and we have followed since markets are judged on whether they are cheap or dear in relation to other markets."

GT's Train says: "We feel that the market rallied for three reasons – it was cheap, people gauged quite correctly that interest rates had peaked and incredibly intense pessimism had previously affected investors."

"There were buge short positions in the US and Japanese markets and a lot of professionally menipulated beer raids in tbe London market. Institutions wers beavily liquid at the end of last year.

"Then the market rose and creeted a self-feeding momentum. People had to close their short positions and then put their excess cash into the market."

Klahr says that despite the by-election Markets may feel more confident that the Conservatives will be re-elected.

He adds: "Companies are not yet saying that they are out of the woods but the hope is that in six months' time they will be saying so.

"Private investors may have missed the boat in the short term. To make a further significant advance, we need some more sustained evidence that the economy is on the move again."

Peter Sullivan, of Rothschild Asset Management, which this week launched the Libra unit trust portfolio service, says that the merket "has run a long way in a short period of time but we don't expect any downturn to be too dramatic.

"We are not going to get back to the 2,000 level. We are a little nervous about Wall Street but the market which looks reelly cbeap is the European."

Other managers feel that if there is any prospect for profit it may be in smaller companies.

According to Standard Life's Barfield: "Larger recovery stocks have been moving up, both here and in the US, and small companies have been pulled up with them.

"As tbe rise has gone on, people have been looking for things that have lagged."

Nick Train, of GT, says: "You can still make money in these markets but we think that the profits will come from smell and medium sized companies which have seen a turning point.

"Those who hung on to small companies through the bad tImes are not selling; institutions are trying to move money into the market."

FINANCE & THE FAMILY

Credit card crime is increasing. **David Barchard** reports

How to beat the card fraudsters

TODAY and every other day throughout the year, about 3,000 people will lose one or more of their credit cards.

About one in ten of the missing cards will be picked up by a card fraudster who will try to use it before it goes on the list of "hot cards" which retailers and hotels receive every day.

Fraud losses are growing steadily. Barclaya Bank was hit by £25m worth of credit card fraud last year according to its annual results. This was about 0.2 per cent of Barclaycard's total turnover. Losses for the banking industry as a whole are more than £120m a year, although the banks are coy about details.

A certain amount of credit card fraud derives from counterfeiting. There are gangs of expert credit card counterfeiters in Thailand, the Far East, and Mediterranean countries. The standard Visa card has certain deliberate featnrea intended to catch the counterfeiter out – chiefly holograms.

Magnetic stripe technology, used on existing credit cards, is not enormously secure. It was once discovered that a cash machine dispenser was printing sufficient information on its transaction slips to enable counterfeiters to simulate the details of genuine cards on the stripes of false ones. That seems to have stopped.

More often the problem is not that an unauthorised person has duplicated your card, but that it was obtained and used without your knowledge. Your signature and your PIN (personal identification number) are the two main safeguards against this.

But what if you have never even seen your card before it falls into dishonest hands? One of the most common forms of credit card frand is card interception: someone spots an envelope containing a new credit card and removes it.

When this happens, tha frandster will often try to extract all he can from the card in the first day or two.

If thieves do not draw attention to themselves, the first anyone knows about fraudulent use of a card may be when an indignant customer rings to complain about extraordinary items on his bill.

A lot of minor card fraud happens inside the family. If there are just one or two odd items on your bill and you still have your card, your bank or building society may conclude that your family are to blame. This seems to be especially true where suspect cash machine transactions are involved.

Issuers report cases where tearful parents have begged them to stop legal proceedings once it has become clear that their own children have used their cashcards illegally.

"Double-rolling" is another minor fraud. It happens when shop assistants help themselves to a second voucher from your card. Readers have reported cases in which banks seem to be remarkably lackadaisical about this. In one case a cardholder said she was advised by her bank to avoid one or two local offices and shops where double-rolling was said to be quite common.

At the other end of the spectrum are professional gangs who *either steal* cards themselves or pay cash to anyone anpplying them with useable cards.

Retailers and banks have various defences against these gangs. One is to check signatures and expiry dates each time a card is used. A second is the use of floor limits, above which each transaction must be authorised. Card frand gangs tend to be well-informed about floor limits, watching carefully to see which transactions are done on-line (ie with a call to the computer) and which are off-line.

Some electronic terminals carry details of missing cards and can identify them automatically. There are even terminals which can be updated by radio with lists of hot cards.

There are signs that some cards, for example gold cards with their higher credit limits, may be more vulnerable to theft than others. "I would never have a gold card myself. They attract too much interest from thieves," a leading credit card executive told me once in an unguarded moment.

How much liability do you have for unauthorised use of your cards? Most card issuers limit a customer's liability of to £50 – the amount set by the Consumer Credit Act. Barclays, the largest UK bank, says it regards the liability limit as £25 and would not usually charge that.

Not all card issuers take this view. Halifax warns users of its automatic teller machines that they are liable for use of their cards until the loss has been reported.

If you do not want to be the victim of credit card fraud, you should observe the following steps:

■ Check the cards in your wallet or handbag regularly. Make sure that your wallet is never left unattended, for instance inside a jacket hanging on a chair.

■ Keep an eye ont for the times when new cards should arrive. If they do not arrive on time, ring up the card issuer and find out why.

■ Make sure thet PIN numbers are kept secret, even from your family. If you have teenage children, do not put temptation in their way. What they and their friends may see as a prank, could look like crime to your bank and the police.

■ Keep a list of your card numbers or join one of the credit card protection schemes which make a small annual charge.

■ If you want to be supercareful, make sure when yon use your card in the old-fashioned paper voucher method that the carbons between the vouchers are destroyed.

TIME is running out for holders of Midland Access and Visa cards who want to avoid paying the new £10 annual fee.

You do not even have to clear outstanding balances immediately if you take several precautions:

■ Do not use the card after April 10. Tha fee will be charged to the first statement issued after that data, but you do not have to pay if you have stopped using the card and informed Midland of your intention to close the account.

■ Ensure that you heve cancelled any standing charges to the accounts, such as for electricity bills.

■ Cut up all cards end send them back. Although issuers only ask that cards be destroyed, it is better to avoid all ambiguity. It also makes the point with more force.

■ If you do not plan to pay off the balance immediately, inform the issuer how you plan to do so. While clearing out your wallet or purse, also remember that you have until June 18 to cancel your Barclaycard and receive e full refund of the first year's £8 fee.

Since Visa or Mastercard cards are available free from several dozen other issuers, why pay anything?

Clay Harris on differential pricing

A very British souk

WELCOME to the great bazaar. Fixed prices may seem as quintessentially British as cucumber sandwiches. Bnt since last week, retailers have been free to set different prices for different payment methods.

The end of "no discrimination" – the rule which underpinned the growth of credit cards over the past two decades – was intended to remove the subsidy card users are deemed to receive from customers who pay in cash or by cheque.

This reform was the main recommendation to emerge from the 1989 Monopolies and Mergers Commission report into credit card services in the UK, but no one is very happy with the result. Trading standards officers, who are responsible for enforcing the rules, say they feel the regulations "will further complicate existing weak price controls, already exploited to their own advantage by some traders".

So far, no large retailers have admitted plans to introduce differential pricing. Those who have rejected it cite the risk of offending customers and the additional administrative hurden of dealing with multiple prices.

Although many welcome any weapon to strengthen their hand in negotiations with card companies, few want to encourage the use of cash which also has its costs in handling, security and fraud. Moreover, they know employees are unlikely to be mugged for a handful of card vouchers.

But it is worth exploring why differential pricing is likely to be slow in coming and what to expect if it does.

The Department of Trade and Industry's instrument for breaking the "no discrimination" rule was the Credit Card (Price Discrimination) Order 1990.

This forbids credit card companies from requiring merchants to charge the same price for all methods of paymant. However, card companies will be able to limit any trader's price differential to the amount of the merchant service charge – the price it charges him or her for processing transactions.

According to the DTI, "the order applies only to credit card purchases – not debit cards or other forms of payment cards unless they are not readily distinguishable from credit cards." So debit cards such as Switch or Connect or charge cards like American Express are not covered? Right, says the DTI.

From the customer's point of view, however, that is largely a technicality which applies only to the relationship between the credit card issuer and the merchant. It does not mean that different retail prices may not apply to other cards.

Under the Price Indications (Method of Payment) Regulations 1991 and the Price Marking (Petrol) (Amendment) Order 1991, retailers may charge as many different prices as they wish.

All they must do is post the basis they are using at each entrance and till, and on menus in restaurants and pumps and roadside signs at petrol stations.

They must specify an "indicated price" and under what circumstances they discount or surcharge, as a percentage or fixed amount. They are free to set prices for each card – whether credit, charge or debit – and for cheques and cash.

It will be legal for a merchant to agree lower prices with a customer who bargains. The only legal protection is against paying a *higher* price than posted.

You may have to read traders' minds but the DTI has thoughtfully ansured you won't have to read their lips. The regulations about indicated prices state that "in the case of an oral indication or statement, [it] shall be given audibly".

That's one problem yon rarely have in the souk.

DIRECTORS' TRANSACTIONS

DIRECTORS' share purchases have far outweighed sales in recent months and much of this buying has been concentrated on epecific sectors or areas of the market, such as engineering, construction and smaller companies. These are precisely the sectors which are now outperforming the market.

Equally telling is the evidence that directors have been selling the right sectors, with insurance brokers and food retailers turning down relative to the rest of the market.

This week sees the sale volume exceeding the purchases by quite a margin for the first time in many months, but it would be premature to try to identify a new trend.

Of the sales, the largest were recorded in Greenall Whitley, the family-controlled brewing company, where the two Greenalls on the board have redneed significantly their holdings.

Michael Booth sold his entire holding in Microfilm Reprographics, the photographic processors, on his retirement. This follows several other directors selling at higher prices during last summer. Substantial selling is also taking place in Harland Simon, the computer controls group, with this latest transaction by the chief executive.

Whitegate Leisure has freqnently been on our list under purchases although the price has yet to reward the directors for enthnsiasm. This latest purchase is by Nick Oppenheim, the chairman.

Angus MacDonald, Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Beepak	40,000	138	1
Bradford Prop Trust	20,000	27	1
Campari Intl	143,926	351	3*
Cater Allen	27,104	122	3*
De La Rue	10,000	35	1
Euromoney P'cations	25,000	86	1
Greenall Whitley	750,000	2,385	2
Harland Simon	100,000	440	1
Lloyds Bank	5,000	16	1
McKay Securities	14,000	20	1
Mercury Asset Mgmt	5,000	28	1
Microfilm R'graphic	892,500	1,107	1
Racal Electronics	15,000	29	1
Royal Bank of Scot	41,250	76	1*
Scottish& Newcastla	221,341	877	3*
Stanley Leisure	30,000	35	1
Warburg (SG)	10,000	41	1
PURCHASES			
D Mall & Gen Trust	300	13	1
Eastern Electricity	17,135	25	2
McKey Securities	14,000	20	1
Mid Wynd Inv Trust	10,000	22	1
Oceonics Group	750,000	86	1
Seeboard	7,000	12	3
Vibroplant	25,000	21	1
Whitegate Leisure	400,000	36	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 25 February - 1 March 1991.

Source: Directus Ltd, Edinburgh

FINANCE & THE FAMILY

Clare Pearson and **Philip Coggan** on the latest electricity shareout

More power to your elbow

YOU ARE likely to get fewer shares in Nstional Power and PowerGen, the two electricity generators, than you applied for, since the public offer was more than 4.5 times subscribed wben it closed on Wednesday.

Yesterday, ahead of a meeting to analyee the applications over the weekend, no final decisions had been taken on bow to share out the stock. However, advisera did make clear they would avoid banding out tiny parcels of shares as was done in the sale of the regional electricity companies.

Certainly, no one is going to get as few as 100 shares. The indications were that the emallest allocation will be between 250 and 200, against a minimum application of 300.

It was not clear whetber every applicant would be successful in getting some stock, althongh advisers had earlier said that they would prefer to ballot than spread shares too thinly.

The basis of allocation will be formally announced on Monday and you will find advertisements in newspapers on Tuesday, from which you will be able to work out bow many shares you are likely to be awarded.

With the stock market having hit new highs this week, it now looks certain the shares will achieve a premium in early dealings. Yesterday I.G. Index, the financial bookmaker was quoting National Power at 119p and PowerGen at 126p.

That may tempt you to take a quick profit on your shares. However, if you sell before receiving your Interim certificate you will risk the chance that you have not got an allocation. Interim certificates are due to be dispatched on March 18.

There are several brokers offering cheap deals for those selling tbeir generator shares. A cheap price does not guarantee that the broker will be quick to settle your account, so it may be wise to use a broker wbo has done well for you in the past, rather than switch to an unknown one to save £5.

Some of the best deals, listed in the FT on February 23, were only offered to investors who applied through the firms concerned. It is too late for those deals but the following, which all offer the ability to lump family holdings together, are still open:

Granville Davies will sell for a minimum charge of £20. For deals of over £1,000 but under £7,000 in value, the charge is 1.8 per cent. 071-488 1212. **Killik** is charging £10 per holding in each company. 081 340-2040.

Leeds Building Society will charge £10 per company for those with a Leeds savings account. Details from a Leeds branch. **NatWest Stockbrokers** will charge 1.5 per cent, subject to a minimum of £17 for deals done on its Touchscreen service. Postal dealing is offered for 1 per cent with a £9 minimum. Details from NatWest branches.

Pilling will sell for £13 per company via its postal service. Tel: 071-253-8111. **Redmayne Bentley** has a fixed commission of £15 per company on transactions of less than £1,000, with transactions above and below £7,000 at 0.5 per cent and 1.5 per cent respectively. 0532 436941. **Torrie** is offering a flat rate of £15 per company holding, plus £5 per holding for other family members (031-225-1766).

And the Stock Exchange has a series of numbers for investors who want to find a broker in your area. Call 0839 401121 to find ont the number for your region.

John Wakeham

Finally, do not forget that if you wish to put your shares into a Personal Equity Plan without charge you must do so within 42 days of the start of dealings. This allows those who have used up this year's allowance to place the shares in a 1991-92 PEP.

Family property query

AN ARTICLE in the *Financial Times* about wills and domiciles and property reminded me of a major problem which I should valne your advice on.

My mother lives in a house which is owned by her daughter-in-law (my brother is dead) who lives abroad. The accommodation is rather cold and damp and the owner does not reply to any correspondence.

Could yon advise me on any pitfalls if I were able to scrape togetber enongh to bny a small flat or bungalow for my mother to live in? Would I have to pay income tax on any rent I charged my mother? Would she be able to claim rent from the DHSS – she has only a state pension and pays no rent at the moment – to help her pay this? What would my position be as regards the poll tax for this property (my husband and I own our own house)?

If I were to die before my mother would she have to pay inheritance tax if I willed my flat to her? Would it be better to put the property in her name, or perhaps give her a long lease? If my mother were to die first would I have to pay capital gains tax on the property. Would it be best to obtain an interest-only mortgage as she is 83 years of age? (If I could get one).

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Yes, you would be taxable on the rent, after deductions for insurance and maintenance etc. Ask your tax office for the free pamphlet IR27 (Notes on the taxation of income from real property) or, if they no longer have copies of that pamphlet, ask for pamphlet IR87 (Rooms to let).

As your mother would have voluntarily vacated rent free accommodation, it is unlikely that she would be eligible for assistance from the DHSS. Your mother would be liable for poll tax but you would not. Inheritance tax would be payable if your estate was large enough (apart from any property passing to your husband).

The second question in your fourth paragraph is something which you may wish to discuss with your solicitor – in the light of the full background facts and figures. Capital gains tax would be payable if you sold the property after your mother's death (or during her lifetime). You could also ask your tax office for tha free pamphlets CGT4 (Capital gains tax: owner-occupied house) and CGT14 (Capital gains tax: an introduction). As you will see from the CGT4 pamphlet, you and your husband should give joint notice that your present home is to be treated as your main residence for CGT purposes, before the second anniversary of the purchase of the home for your mother.

The question of a mortgage is also one which you ehould discuss with your solicitor. No tax relief would be available to you in respect of the mortgage interest, to the extent that it exceeded the echedule A assessment on the rent each year.

Anthony Casswell wonders how to assess inflation and investments

The search for real values

EQUITIES have managed only a miserable 7 per cent gain over the last 12 months, even after the recent rally – a loss of about 2 per cent after inflation. House prices are broadly unchanged over the past year, and thus have fallen around 9 per cent in real terms.

With interest rates and the rate of inflation starting to drop at last, how can yon achieve real value with your investments? And how can you assess the effect of inflation on different types of investment?

The rate of inflation is measurad by the percentage increase during the previous 12-month period of the Retail Prices Index (RPI), which is pnblished monthly. The RPI can fall in a given month, but the annual figure for inflation can still be positive.

Although it is possible to forsee changes in the annual rate over the next month or so, it has proved very difficult for forecasters to assess the inflationary outlook over the longer term.

For investors, however, some assessment of future inflatioo is vital in assessing investment possibilities. The techniqne of indexed valuation enables you to do this but what values should you assume for inflation and interest rates?

Table 1 shows Inflation, equity returns, and interest rates over a number of periods during the past 25 years. It suggests that zero inflation may be a political pipe dream: during the last quarter of a century, the extremes of compound annual rates of inflation over any consecutive five years were 16 per cent (1973-77) and 4.6 per cent (1983-87) – with a 25 year annual average of 9 per cent.

The table may suggest that equities have compensated investors for inflation for all periods other than the past four years but underlying figures show that this is only true in respect of periods of 10 years or more during the past 20 years.

Over five-year periods compound annual growth rates for equities dropped to a low point of 2.5 per cent, for 1971-75, when inflation averaged 14 per cent. They peaked at 18.5 per cent for 1981-85, when inflation was running at an annual 6.6 per cent.

We may regard current interest rates as too high hnt should note that the average rate has been nearer 12 than 11 per cent over the past 15 years. The lowest annual average rate was 5.4 per cent in 1971, the highest being 16.3 per cent in 1980. The 25 year average is 10.2 per cent.

Having joined the European exchange rate mechanism, will a Britain embark on a new era with European levels of interest and inflation – or will old British problems continne regardless?

Table 2 illustrates real returns after alternstive assumptions that the rate of inflation will drop to between 7 and 4 per cent by the end of 1991 and that it will continue thereafter at rates between 8 to 4 per cent. Interest rates have been indicated at 12 to 10 per cent.

Obviously interest rates depend partly on expectations about fnture inflation rates, since an element of interest payments is compensation to investors for the erosion of the value of their capital by rising prices. Borrowers and lenders who have become used to the effects of inflation tend to think in terms of a "real" interest rate.

The rate payable on index-linked gilt-edged stock (now around 4 per cent) shows what the the market believes should be the real return on an almost risk-free investment. Anybody hoping for a real return greater than this from a conventional gilt, building society or equities, could use this as the benchmark for assessing their bet on the movement of nominal interest rates, inflation and asset prices.

But suppose that, after the end of 1991, we have a steady rate of inflation of 4 per cent and that interest rates stabilise at 8 per cent. At this level, the non-taxpayer could expect a real return on all investments of 4 per cent, while taxpayers with marginal rates of 25 and 40 per cent would achieve real net returns of about 2 and 1 per cent, respectively.

Indeed, a combination of 3 per cent for inflation and 8 per cent for interest rates would provide real yields of about 4.9 per cent for a non-taxpayer, reducing to 2.9 and 1.7 per cent respectively for basic and higher rates.

Indexed savings certificates are valued by using the RPI announced in the previous month. In the case of an indexed gilt the relevant RPI is that which was published seven months earlier, with dividends and the final maturity value increasing in line.

If you wish to use Table 2, start by deciding what rates of inflation and interest you are prepared to assume (if these fall within the limits provided!), determine your marginal tax rate and then see what is likely to be most profitable for you.

COMPOUND REAL RETURNS (%)

		If inflation after December 91 is 4%	6%	8%
5 YEAR INVESTMENTS				
TESSA, if average rate is	12%	7.9	5.7	3.8
(Interest rainvested)	11	8.9	4.7	2.7
Max £3,000 in Year 1	10	5.8	3.8	1.8
SAVINGS CERTIFICATES				
(5th Indax-linked)		4.5	4.5	4.5
(35th Issue)		5.5	3.3	1.3
CAPITAL BONDS				
If 5 year rate is 12%	Non-taxpayer	7.9	5.7	3.0
Interest reinvested	Basic rate	4.7	2.7	0.9
Taxable aach year	Higher rate	2.9	1.1	-0.5
BANK/BUILDING SOCIETY				
If average gross rate is 12%	Non-taxpayer	7.8	5.7	3.8
	Basic rate	4.2	2.5	0.9
	Higher rate	2.8	1.1	-0.5
If average gross rate la 10%	on-taxpayer	5.9	3.8	1.9
	Basic rate	3.1	1.3	-0.2
	Highar rate	1.8	0.1	-1.6
GUARANTEED INCOME BOND				
If net rate is 8%	Non-taxpayer	4.3	2.4	0.7
	Basic rate	4.3	2.4	0.7
	Higher rate	3.2	1.4	-0.2
NAT SAVINGS INCOME BONDS				
If avarage gross rate is 12%	Non-taxpayar	8.5	5.2	4
	Basic rate	4.3	2.4	0.7
	Highar rate	2.8	1.0	-0.7
INDEX-LINKED GILT 2% 1996				
(matures 16/9/96)	Non-taxpayer	3.2	3	2.9
	Basic rate	2.7	2.5	2.4
	Higher rate	2.4	2.2	2
10 YEAR INVESTMENTS				
INDEX-LINKED GILT 2.5% 2001 (Matures 24/9/01)	Non-taxpayer	3.7	3.8	3.5
Basic rate		3.2	3.1	3
Higher rate		2.8	2.7	2.9
WITH PROFITS ENDOWMENT*		9.4	5.2	4.4

* Assumes, entry age 29, annual premium £100, average of top ten results 1981-91.

TABLE 1 — COMPARISON OF INFLATION, EQUITIES AND INTEREST RATES OVER 25 YEARS

INCLUSIVE PERIOD	NUMBER OF YEARS	INFLATION RETAIL PRICES INDEX Compound increase (December values)	EQUITIES FT ALL SHARE INDEX Compound increase (annual medians)	INTEREST BANK OR MINIMUM LENDING RATE Average annual values
1966 – 90	25	9.0 pc	9.6 pc	10.2 pc
1971 – 90	20	10.4 pc	10.9 pc	11.0 pc
1976 – 90	15	8.7 pc	13.3 pc	11.7 pc
1981 – 90	10	0.4 pc	13.4 pc	11.7 pc
1986 – 90	5	6.2 pc	8.0 pc	11.8 pc
1987 – 90	4	9.9 pc	5.4 pc	12.2 pc
1966 – 90	3	7.9 pc	5.8 pc	19.0 pc
1989 – 90	2	9.5 pc	5.5 pc	14.5 pc
1990	1	9.3 pc	-14.4 pc	14.8 pc

RESULTS DUE

BTR fears

BTR, THE industrial conglomerate, is expected to report a rare decline in profits when it unveils its full-year figures on Wednesday. Pre-tax profits of between £960m and £990m are anticipated, compared with £1.08bn in 1989. A slight downturn in return on sales – a figure the gronp monitors closely - is also forecast.

Taylor Woodrow, the construction group, is forecast on Monday to show pre-tax profits of between £85m to £90m compared with £116.9m tha previous year. Forecasts for Wimpey which announces its results the following day vary mnch more widely from £40m to £60m. This compares with profits of £134.7m in 1989. More important will be the companies' comments about the outlook.

Standard Chartered Bank is forecast by analysts to announce on Tuesday pre-tax profits of £135m to £150m for 1990 up from £67.1m in 1989. Its shares are at an all time low and could well fall further if, as expected, Standard Chartered follows Midland's example and cuts its dividend.

The market hopes to find out on Wednesday what – if anything – lay behind the sudden collapse in Hillsdown Holdings' share price in January. The diversified food, furniture and property group kept a resolute silence as analysts slashed their full-year forecasts – the top of the range is now below the £195.6m pre-tax profits reported in 1989.

Many of Hillsdown'e trading activities had a disappointing year. Analysts expect various provisions to deepen the immediate gloom but perhaps clarify the longer term picture. They are likely to include a provision for its £150m convertible and £38m put option and a write-down of the value of Hillsdown's 20 per cent stake in Wickes, the DIY retailer.

On Thursday, **United Biscuits (Holdings)**, the biscuits to frozen foods group, will announce full-year pre-tax profits of about £196m, compared with the 1989 figure of £189.1m.

Glynwed International, the angineering group, disappointed at the halfway stage and is unlikely to make many happy with its end-year figures. Pretax profits for 1990 could be around £70m against £93.3m in 1989.

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Southdown BS	Supersaver	0273 471671	Instant	£1	13.00%	Yly
Portman BS	Instant Access	0202 292444	Instant	£500	13.15%	Yly
Chelsea BS	Option 90	0242 521391	90 day	£500	14.00%	Yly
				£25,000	15.20%	Yly
Cheltenham & Gloucester	London Share (Postal A/C)	0452 372372	Instant	£2,500	14.70%	Yly
Alliance & Leicester BS	Bond	0533 717272	2 Year	£10,000	15.67%	Yly
Bristol & West BS	Bond	0272 294271	31.12.91	£25,000	19.00%	Yly
TESSAs (Tax Free)						
Abbey National		071 486 5555	5 Year	£1	15.00%	Yly
Cambridge BS		0223 315440	5 Year	£1	15.00%	Yly
Skipton BS		0756 700500	5 Year	£100	15.25%	Yly
National Counties BS		0372 742211	5 Year	£3,000	15.40%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	12.50%	Yly
Chelsea BS	Classic	0242 521 391	Instant	£2,500	13.80%	Yly
	Postal (A/C)			£10,000	14.40%	Yly
				£25,000	14.50%	Yly
Northern Rock BS	Current A/C	091 285 7191	Instant	£25,000	14.3%*	Mly
OFFSHORE ACCOUNTS (Gross)						
Portman CI Ltd	Channal Isles	0481 822747	Instant	£500	14.25%	Yly
Alliance & Leicester	Maximum 90 Day	0624 663566	90 Days	£25,000	15.25%	Yly
Bradford & Bingley Ltd	Maximiser Bond	0624 662883	61.3.92	£5,000	15.33%	OM
				£25,000	15.67%	OM
GUARANTEED INCOME BONDS (Net)						
Canterbury Life (FN)		0227 457375	1 Year	£10,000	10.00%	Yly
Liberty Life (FN)		081 440 8210	3 Year	£25,000	8.70	Yly
Aetna (FN)		0800 010 575	5 Yaar	£25,000	8.75%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/Cs	Post Office	1 Month	£5	12.75%	Yly
	Income Bonds	Post Office	3 Month	£2,000	13.50%	Yly
	Capital Bonds	Post Office	5 Year	£100	13.00%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	35th Issua	Post Office	5 Year	£25	9.50% F	OM
	5th Index Linked	Post Office	5 Year	£25	4.50% +infln	OM

All rates (except Guaranteed Income Bonds) are shown Gross. OM: Interest paid on maturity. N: Net Rate. B: Bond. * = Gross Equivalent Rate. F = Fixed Rate (All other rates are variable). Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Adam & Co.	Dec	221	(442)	-	(-)
Bailey Ben	Dec	325	(1,050)	0.9	(0.5)
Close Brothers	Jan	9,220	(6,050)	2.8	(2.6)
Countyglen	Oct‡	49 L	(49 L)	-	(-)
Creston	Dec	53 L	(252)	-	(0.7)
Galliford	Dec	3,810	(4,070)	0.95	(0.95)
Gartmore Value Inv.	Jan†	1,190	(1,980)	0.9	(0.8)
Haggas (John)	Dec	355	(487)	-	(1.0)
Hays	Dec	27,500	(27,300)	1.3	(1.15)
Interlink Express	Dec	3,100	(3,580)	4.12	(4.12)
Latin American Inv.	Dec†§	499	(-)	-	(-)
Mucklow A & J	Dec	5,300	(5,170)	2.56	(2.23)
Murray Income Trust	Dec	4,500♣	(4,280♣)	-	(-)
Nichols JN (Vimto)	Dec	7,100	(8,150)	9.7	(6.0)
Polypipe	Dec	5,270	(5,080)	1.2	(1.1)
Principal Hotels	Dec	841	(425)	-	(-)
Raine Industries	Dec	9,150	(11,260)	2.0	(2.0)
Renishaw	Dec	5,430	(5,400)	2.0	(1.6)
Rentaminster	Dec	65	(753 L)	-	(-)
Savage Group	Dec	818 L	(961)	-	(1.5)
Sinclair (William)	Dec	1,770	(1,450)	1.9	(1.45)
Star Computer Group	Dec	253 L	(436 L)	-	(-)
Tor Investment Trust	Jan‡	988	(922)	6.5	(6.0)
Unigroup	Dec	708	(527)	-	(-)
Waterman Partnership	Dec	306	(2,450)	1.0	(2.2)

(Figures in parentheses are for the corresponding period.) *Dividends are shown net pence per share, except where otherwise indicated. L = loss.‡ Dividend payments on income shares.‡ Figures quoted in Irish punts & pence.# Post tax profit.† Figures for 9 months.§ Figures quoted in US dollars & cents.● Figures quoted in Canadian dollars.© This years figures for 15 months.♥ Net profits.♣ Net revenue.◆ After-tax revenue.

RIGHTS ISSUES

Baynes (Charles) is to raise £9.3m via a one-for-five rights issue.
Heywood Williams is to raise £28.3m via a 2-for-9 rights issue at 245p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Drayton Blue Chip Trust is to join the main market after it postponed the flotation last week.
Elonbrook Properties has applied for a listing on the Stock Exchanga.
Geared Income Investment Trust is to join the main market via an offer for subscription which involves a minimum of 10m shares, and a maximum of 25m shares, at 100p.
Jupiter Tarbutt Merlin plans to join the main market via a reverse takeover of Vantage Securities.
MMI is graduating to a full listing, just seven months after it joined the USM.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Audit & General‡	4½	5	5½	1.59	West Inds.
Bardon Grp.‡	143¼	142	87	108.95	Evered
Broad Street	1⅞	1¼	6¼	0.5	BOOP
Century Oils	110*	125	112	34.97	Fuchs Group
DAKS Simpson "A"	586*	575	333	31.73	Sankyo Seiko
Do. Ord	3300*	3213	-	33.08	Sankyo Seiko
Thames TV	¶	299	291	-	THORN EMI
Tootal	65⅞	73	65	189.26	Coats Viyella
Touchstone‡	5¼	4¼	4	5.29	Strategem
Yale & Valor	351	335	239	412.62	Williams Hldgs.

*All cash offer.†Cash alternative. §For capital not already held.‡Unconditional. **Based on 2.30pm prices 8/3/91 †At suspension. §§Shares and Cash. ¶Terms are 250p cash, plus two contingent deferred cash payments totalling up to 80p for aggregate, per Thames ord. share; total value of bid between £124.1m and £148.9m.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
American Trust	Tuesday	1.4	3.1	1.45
Antofagasta Holdings	Thursday	6.0	11.0	6.0
Appleyard Group	Thursday	2.6	5.2	2.0
Argos	Thursday	[illegible]	[illegible]	[illegible]
Associated British Ports	Thursday	[illegible]	[illegible]	[illegible]
BBA Group	Monday	[illegible]	[illegible]	[illegible]
Blagden Industries	Tuesday	[illegible]	[illegible]	[illegible]
British Borneo Petroleum	Thursday	[illegible]	[illegible]	[illegible]
British Polythene Industries	Monday	[illegible]	[illegible]	[illegible]
British Vita	Wednesday	[illegible]	[illegible]	[illegible]
BTR	Wednesday	[illegible]	[illegible]	[illegible]
Calor Group	Thursday	[illegible]	[illegible]	[illegible]
Celestion Industries	Tuesday	[illegible]	[illegible]	[illegible]
Christies International	Thursday	[illegible]	[illegible]	[illegible]
Church & Co.	Thursday	[illegible]	[illegible]	[illegible]
CIA Group	Monday	[illegible]	[illegible]	[illegible]
Clarke (T)	Thursday	[illegible]	[illegible]	[illegible]
CMW Group	Tuesday	[illegible]	[illegible]	[illegible]
Commercial Bank of London	Monday	[illegible]	[illegible]	[illegible]
Cresta Holdings	Tuesday	[illegible]	[illegible]	[illegible]
Edmond Holdings	Thursday	[illegible]	[illegible]	[illegible]
EFT Group	Monday	[illegible]	[illegible]	[illegible]
Enterprise Oil	Wednesday	[illegible]	[illegible]	[illegible]
Fife Indmar	Monday	[illegible]	[illegible]	[illegible]
Glynwed International	Tuesday	[illegible]	[illegible]	[illegible]
Hall Engineering (Holdings)	Thursday	[illegible]	[illegible]	[illegible]
Hillsdown Holdings	Wednesday	[illegible]	[illegible]	[illegible]
HTV Group	Friday	[illegible]	[illegible]	[illegible]
Kerry Group	Tuesday	[illegible]	[illegible]	[illegible]
Knta Kellas Investments	Friday	[illegible]	[illegible]	[illegible]
Legal & General	Thursday	[illegible]	[illegible]	[illegible]
Lex Service	Friday	[illegible]	[illegible]	[illegible]
North Midland Construction	Wednesday	[illegible]	[illegible]	[illegible]
Perkins Foods	Monday	[illegible]	[illegible]	[illegible]
Plaxton Group	Tuesday	[illegible]	[illegible]	[illegible]
Quotient	Thursday	[illegible]	[illegible]	[illegible]
Renown Inc.	Thursday†	[illegible]	[illegible]	[illegible]
RPS Group	Wednesday	[illegible]	[illegible]	[illegible]
Sale Tilney	Thursday	[illegible]	[illegible]	[illegible]
Second Market Investment Co.	Monday	[illegible]	[illegible]	[illegible]
Sema Group	Monday	[illegible]	[illegible]	[illegible]
Simon Engineering	Wednesday	[illegible]	[illegible]	[illegible]
Spandex	Wednesday	[illegible]	[illegible]	[illegible]
Standard Chartered	Tuesday	[illegible]	[illegible]	[illegible]
Sterling Trust	Monday	[illegible]	[illegible]	[illegible]
Takare	Thursday	[illegible]	[illegible]	[illegible]
Taylor Woodrow	Monday	[illegible]	[illegible]	[illegible]
TLS Range	Monday	[illegible]	[illegible]	[illegible]
T&N	Wednesday	[illegible]	[illegible]	[illegible]
Transport Development Group	Wednesday	[illegible]	[illegible]	[illegible]
Try Group	Monday	[illegible]	[illegible]	[illegible]
United Biscuits (Holdings)	Thursday	[illegible]	[illegible]	[illegible]
USDC Investment Trust	Monday	[illegible]	[illegible]	[illegible]
Wimpey (George)	Tuesday	[illegible]	[illegible]	[illegible]
INTERIM DIVIDENDS				
BM Group	Tuesday	[illegible]	[illegible]	[illegible]
Cala	Tuesday	[illegible]	[illegible]	[illegible]
Cornwell Parker	Monday	[illegible]	[illegible]	[illegible]
Domestic & General	Tuesday	[illegible]	[illegible]	[illegible]
EFM Dragon Trust	Wednesday	[illegible]	[illegible]	[illegible]
Everest Foods	Tuesday	[illegible]	[illegible]	[illegible]
Gent SR	Wednesday	[illegible]	[illegible]	[illegible]
Green (Ernest) & Partners	Thursday	[illegible]	[illegible]	[illegible]
Lloyds Chemists	Wednesday	[illegible]	[illegible]	[illegible]
Logica	Tuesday	[illegible]	[illegible]	[illegible]
MAI	Monday	[illegible]	[illegible]	[illegible]
Merivale Moore	Thursday	[illegible]	[illegible]	[illegible]
Micklegate Group	Wednesday	[illegible]	[illegible]	[illegible]
Precious Metals Trust	Tuesday	[illegible]	[illegible]	[illegible]
Sirdar	Friday	[illegible]	[illegible]	[illegible]
Strong & Fisher (Holdings)	Tuesday	[illegible]	[illegible]	[illegible]
Thorntons	Monday	[illegible]	[illegible]	[illegible]
TR City of London Trust	Monday	[illegible]	[illegible]	[illegible]
TSW - Television South West	Thursday	[illegible]	[illegible]	[illegible]
Walker (Thomas)	Friday	[illegible]	[illegible]	[illegible]

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.§ 2nd interim dividend.† Figures quoted in Japanese yen.

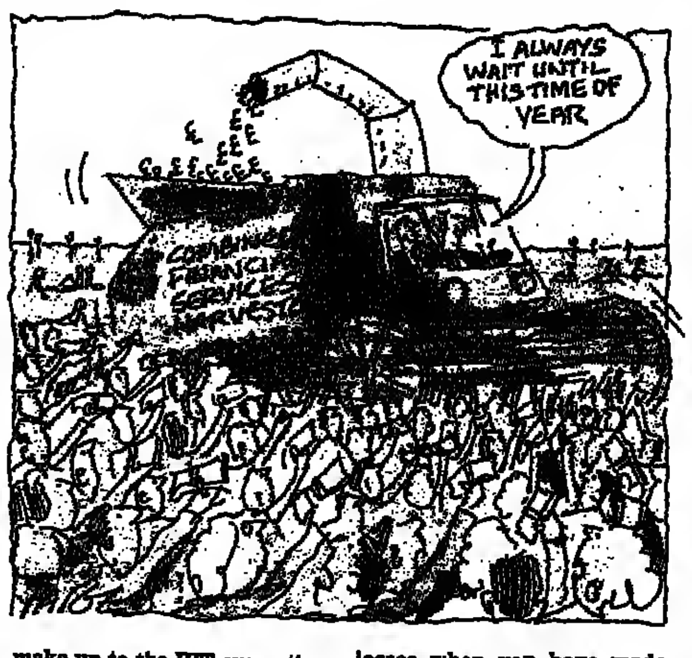
PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abbey National	Dec	582,000	(501,000)	28.8	(27.3)	9.5	(8.7)
Admiral	Dec	3,280	(2,600)	19.4	(16.2)	4.2	(3.5)
Aegis	Dec	67,800	(40,500)	37.5	(28.0)	5.85	(2.6)
ASW Holdings	Dec	40,300	(40,400)	31.1	(30.8)	12.5	(11.0)
Auto Security	Dec	33,000	(23,300)	21.5	(17.9)	3.1	(0.28)
Baynes Charles	Dec	5,610	(4,100)	3.74	(3.06)	0.90	(0.75)
BICC	Dec	183,000	(201,000)	40.2	(46.3)	19.25	(19.0)
Cadbury Schwepp.	Dec	279,800	(244,300)	25.3	(24.2)	11.5	(10.7)
City & Comm.	Dec	3,100◆	(2,520◆)	9.2	(7.75)	9.2	(7.75)
Clinton Cards	Dec	5,020	(3,440)	20.4	(16.7)	5.25	(4.25)
Coats Viyella	Dec	105,800	(137,400)	9.9	(15.1)	7.0	(6.6)
Cooper (Alan)	Dec	1,640	(3,060)	12.0	(19.1)	7.7	(7.7)
CRH	Dec‡	87,600	(80,500)	23.9	(21.8)	6.0	(5.25)
Emess	Dec	8,000	(18,700)	4.2	(8.7)	2.2	(2.2)
Expamet Int'l.	Dec	12,800	(19,600)	20.8	(21.3)	10.38	(10.0)
Fairey Group	Dec	14,650	(12,530)	27.6	(24.7)	9.25	(7.4)
Fisons	Dec	230,200	(169,000)	26.3	(21.8)	7.6	(6.2)
Fleming Merc.	Jan	10,970◆	(9,480◆)	7.5	(6.47)	6.4	(5.7)
Freeman Group	Dec	2,310	(2,460)	26.1	(26.7)	8.5	(8.1)
Gaskell	Dec	1,330	(2,140)	16.1	(27.9)	5.5	(5.5)
GKN	Dec	172,000	(214,800)	36.1	(50.0)	20.5	(20.0)
Global Group	Dec	5,010	(519)	3.11	(1.2)	0.5	(-)
Goodwin	Oct	231	(70)	2.08	(0.64)	-	(-)
Greggs	Dec	7,020	(5,690)	41.2	(39.8)	13.5	(12.0)
Hawker Sid. Can.	Dec●	41,300	(43,300)	2.8	(1.58)	-	(-)
Heywood Williams	Dec	23,100	(31,030)	23.8	(32.8)	12.5	(12.5)
Instem	Dec	1,010	(855)	14.0	(12.9)	2.85	(2.5)
Intrum Justitia	Dec	8,650	(4,840)	7.9	(5.4)	1.8	(1.0)
Kleen-e-ze	Aug	4,280 L	(2,860 L)	-	(-)	-	(-)
Lancs. & London	Dec	214#	(238#)	2.7	(3.0)	2.9	(2.9)
Lewis John	Jan	81,500	(110,100)	-	(-)	-	(-)
Life Sciences	Dec	14,310	(9,030)	7.4	(5.9)	2.9	(2.3)
Lilleshall	Dec	2,620	(2,260)	11.6	(19.6)	3.9	(3.65)
Metal Bulletin	Dec	1,640	(1,410)	12.2	(10.1)	6.9	(6.0)
Microvitec	Dec	2,420 L	(1,280)	-	(3.1)	0.3	(1.5)
Midland Bank	Dec	11,000	(261m L)	-	(-)	9.0	(18.0)
Midland Montagu	Dec	71,000	(79,000)	-	(-)	-	(-)
More O' Ferrall	Dec	9,710	(13,090)	-	(-)	10.0	(10.0)
MTL	Dec	3,770	(3,080)	19.9	(11.4)	1.9	(1.4)
MTM	Dec	13,580	(9,280)	19.5	(16.8)	9.4	(2.8)
Pacer Systems	Dec§	1,560	(1,200)	18.0	(14.0)	9.5	(6.0)
Pentos	Dec	15,100	(12,500)	9.8	(9.4)	1.9	(1.7)
Pentland Group	Dec	55,260	(71,450)	9.42	(11.8)	0.75	(0.6)
Persimmon	Dec	26,840	(32,550)	24.0	(27.3)	7.15	(6.5)
Pickwick Group	Dec	8,920	(4,400)	16.5	(12.3)	5.35	(4.25)
Radius	Nov	2,820	(2,000)	9.48	(4.74)	1.8	(1.9)
Ransomes	Dec	9,040	(14,400)	7.0	(17.0)	6.15	(6.15)
Reece	Dec©	415	(901)	0.63	(1.46)	-	(0.33)
Rolls Royce	Dec	176,000	(233,000)	13.9	(18.7)	4.7	(4.7)
Ross Group	Dec	989	(485 L)	4.3	(-)	1.25	(-)
Samuel Montagu	Dec	55,000	(75,000)	-	(-)	-	(-)
Serco Group	Dec	4,320	(3,610)	28.9	(25.6)	11.0	(9.5)
Smithkline Beech	Dec	860,000	(724,000)	41.0	(36.5)	14.0	(12.5)
Stat-Plus Group	Dec	5,710	(5,320)	17.2	(19.2)	6.25	(5.5)
Sumit	Dec	673	(594)	7.3	(7.7)	3.8	(3.5)
Sunleigh	Dec	1,800 L	(2,800)	-	(7.03)	-	(-)
Suter	Dec	24,000	(34,800)	15.0	(20.4)	8.8	(8.4)
Temple Galbraith	Dec§	63,100	(63,800)	36.3	(34.6)	15.0	(13.0)
Thomas Cook	Dec	28,000	(22,000)	-	(-)	-	(-)
TI Group	Dec	128,400	(111,500)	55.5	(49.0)	18.5	(17.5)
Torday & Carl.	Dec	4,010	(3,270)	17.8	(24.0)	7.0	(6.25)
Tozer Kemsley	Dec	64,140	(52,600)	17.4	(14.8)	-	(5.0)
Trade Indemnity	Dec	28,800L	(17,200)	-	(10.3)	1.9	(1.9)
Trencherwood	Oct	6,000 L	(12,700)	-	(12.1)	0.5	(6.13)
Ultramar	Dec	119,000	(102,587)	32.2	(27.9)	7.0	(6.0)
Unidare	Dec‡	0,070	(4,120)	26.2	(22.6)	14.2	(13.6)
Vantage Secs.	Dec	106♥	(107♥)	3.51	(3.55)	3.5	(3.5)
Victaulic	Dec	11,500	(8,800)	34.9	(28.8)	12.0	(9.75)
Wates City	Dec	30,530	(10,220)	23.2	(7.16)	3.73	(3.39)
Watmoughs Hldgs.	Dec	11,620	(10,120)	32.4	(29.7)	10.25	(8.54)
Whittington	Dec	647 L	(1,260)	-	(-)	-	(1.2)
Williams Hldgs.	Dec	126,100	(147,000)	22.7	(26.0)	12.0	(11.5)
Woolwich Build.	Dec©	217,000	(187,000)	-	(-)	-	(-)
WPP	Dec	90,000	(75,000)	71.3	(71.2)	-	(-)
Wyevale Garden	Dec	2,100	(1,640)	8.6	(0.3)	3.375	(2.7)

FINANCE & THE FAMILY

John Authers on investment choices you should makes before the end of the tax year

Beating Lamont's deadline



BUDGET 91

HARVEST time for tax-planning is upon us, as can be seen from the number of tax shelter schemes which are being launched. Whether it *should* be seasonal is another matter – do not be rushed into anything which does not make sense for you, or which you would not consider at any other time of the year.

Bearing that in mind, here are some things you should be doing as April 5, the end of the tax year, approaches:

■ Take out any tax-efficient investments – PEPs, BES schemes or enterprise zone investments – that make sense for you. The maximum limits for tax relief in these schemes should give an idea of which is most appropriate – you can put £6,000 a yearinto a PEP, £40,000 into a BES, and as much as you like into EZs.

Tax concessions are made in return for lost liquidity – PEPs as equity investments may need a few years to produce a worthwhile return, BES investments last for five years, and EZ investments potentially last longer. The pros and cons of these products are explained elsewhere.

■ This is the last year before independent taxation of spouses comes into force. If one partner has significantly greater assets than the other, and the relationship looks like lasting transfer soma assets for more favourable tax treatment in future.

■ Fill in R85 forms, from the Inland Revenue, if either husband or wife pays no tax. This claims exemption from composite rate tax (CRT) on bank and building society account interest, up to a threshold of £3,005, for next year, and has to be done by April 6.

■ Independent taxation also affects pensiou planning. Chrissie Antry, of Female Financial Services, says there are gains to be made for basic rate tax-paying wives of top rate tax-paying husbands. They can still make pension contributions for this year and last, claiming 40 per cent tax relief. This avenue will be closed next month, and it is worth doing.

■ If you hava any spare money to put into additional voluntary contributions (AVCs), put it in now. You are allowed to put up to 15 per cent of your salary each year towards boosting your company pension.

■ Inheritance tax (IHT) planning, an area where you should not be influenced by short term considerations, requires careful work. Barry Stillerman, author of the Stoy Hayward Guide to Inheritance Tax, suggests you should make any gifts you want to make up to the IHT exemption limit of £3,000 now.

You can carry forward gift allowances from last year, but you have to use this year's £3,000 first. This means that if you only gave £1,000 last year, you can give up to £5,000 this year. However, if you give more than £3,000 and less than £5,000, you will be treated as having used up all of this year's allowance, and will not be eligible to count any more forward for exemption. Some of last year's exemption will have been lost.

■ Additional smaller gifts are also possible within IHT. You can make gifts of up to £250 to as many individuals as you like, independently of the £3,000 exemption. Charitable donations should be made via Gift Aid, says Stillerman. Full tax relief, even for top rate payers, is available for gifts up to £600 in this scheme, and the relief will be received much more quickly if you make the gift this tax year.

■ Capital gains tax (CGT) planning, if your gains come close to the tax exempt threshold of £5,000, needs to be done carefully. Common advice is to take gains up to the threshold, if you hava not done so already, via "bed and breakfasting". This refers to selling your shares one day, and buying them back the next.

Theoretically this is tax-efficient, because you use up your full annual entitlement, and ensure you will have less of a gain to be taxed on when you decide finally to cash in the investment in future.

However, the commission fees involved make Ralph Newns, of Touche Ross, counsel caution: "I would question whether or not it's worth it. You are not saving any tax immediately, but you are hoping you will save some eventually."

He only recommends "bed and breakfasting" for taking losses when you have made gains sufficient to take you over the £5,000 threshold for the year. This makes an immediate saving.

Stillerman also advises "bed and breakfasting" of shares held in offshore trusts, as a precaution against changes in the budget, which may make harbouring from CGT offshore more difficult.

■ Another CGT tip is to make "uegligible valne claims" sooner rather than later. These should be made in the currently depressingly possible event that a company in which you have invested has crashed completely, leaving yonr investmeut valueless. Newns says these claims should best be made in the first two or three days of April, as this gives you indaxation up to April, when the Retail Prices Index usually jumps thanks to budget davalopments, bnt means your claim can be counted for this year.

BES

THE BUSINESS Expansion Scheme started as a device to encourage investment in small businesses, and then to boost tha private rented property sector. It has now been synthesised by clever corporate financiers into a range of convenient investment products.

You should never invest for tax reasons alone, but some schemes are hard for a top-rate taxpayer to resist.

For those who like security, the best schemes are the "assured" investments. These investments are not as safe as their original publicity suggested, but they should still be safe against all but the most severe recession.

You can receive annual compound interest rates of approaching 20 per cent, after tax relief, from the companies, which buy properties and convert them into assured tenancies for housing associations or other providers of cheap private accommodation, in return for a promise that the properties will be bought back, for an agreed sum, at the end of the five-year BES tax axemption period.

The capital growth implied is normally about 50 per cent. Provided the housing associations, or universities, involved stay solvent, these schemes offer better returns than Tax-Exempt Special Saver Accounts (Tessas). Risks are much greater.

Schemes with third-party guarantees are the safest. This means Sun Life's BesRes VI, which is backed by various universities' banks, according to Graham Hooper of Chase De Vere. Johnson Fry's Goldsborongh Assured Propertles, backed by Kunick, ls also stronger than most, he says.

Others to look at include the Johnson Fry Super Growth series, Patriot Assured Tenancies, and the arguably misnamed Quality Guaranteed, wblch has support from Nationwide Anglia building society.

An investment for the less risk-averse, which might produce massive returns for 40 per cent taxpayers, is the "predator" type of assured tenancy BES compauy. These take advantage of the slumped property market by buying at low prices, often when houses have beeu repossessed by mortgage lenders. Some buy partly developed sites which have been abandoned, which can go for very low sums.

"Predators" theu convert their properties into assured tenancies, and use some of tha rental yield to finance more scavengiug. This geariug makes the schemes less safe, but potential gains are huge.

Leaders in the field are the Johnsou Fry Predator series, Kerringtou Developments II and Sonth East Recovery Assured Homes (SERAH).

BES operators can also provide investment for income rather than gain. Such companies as Constellation Homes Dividend and Paragon pay dividends once quarterly.

Schemes more in line with legislators' original intentions surviva. Stansted Airport Homes will buy rented property in tha area around Stansted, Essex, primarily for airport employees, and Third Northern, sponsored by Capital for Companies, will build flats in Leeds.

Small and risky trading companies taking advantage of BES tax reliefs are now thin on the ground, but you might be interested in Highland Timber, which invests in timber and sawmilling, or Severn Valley Railway.

This should give some idea of the variety of BES issues on offer, and their different implications for the investor. You should seek advice both from a financial adviser and from a BES analyst before making decisions.

Both BESt Investment (071-936-2037) and Best BES Advice (071-409-1111) provide assessments and gradings of the different schemes. Chase De Vere (071-404-5766) publish a guide comparing BES with other investments.

PEPS

PERSONAL Equity Plans offer tax relief on dividends from equity investments and are also free from capital gains tax.

Dividends can be re-invested gross into the plan, and the valua of your portfolio cen accumulate rapidly. The relief from CGT could also be useful, if your gains for the year were likely to exceed £5,000.

The deadline for arranging a plan before the end of the tax year is effectively March 27, according to Robin Bloor of Chase De Vere, so there is little time to lose.

However, you should beware of diving for a PEP in March, just as a shelter from tax. Equity investments can go down (as they did last year) as well as up, and the recent surge in the market following the quick conclusion of the Gulf War makes imminent gains less likely.

Also the capital gains tax exemption will be of little use if your PEP is your only investment. A £6,000 investment would need almost to double in a year to threateu the CGT threshold. The saving of tax on dividends will probably represent the most likely way for your PEP to be worthwhile.

You should also beware of commission charges. Minimum charges for dealing can mount up on the small holdings of shares in PEPs, for which the maximum holding is £6,000. If the minimum charge per deal is £30, and stamp duty of £2 is payable, every alteration to your portfolio costs £62 - one per cent of your initial investment. This sbould not deter you from PEPs as such, but you should watch ont for charges when comparing the different schemes on offer.

Most investment advisers now recommend that yon should look at PEPs as a convenient home for part of your portfolio. If an investment makes sense for you, arrange for it to receive the favourable tax treatment of a PEP.

One arrangement you should certainly look at, says Bloor, is transfer of shares you already hold into a PEP. Provided the transfer can be done cheaply – Bloor recommends Gartmore and MIM Britannia for this – this manoeuvre can only make sense, as it automatically improves the tax position of an investment you already hold.

When looking at the PEPs on offer, bear in mind that they, like other tax-efficient investments, have been synthesised into a number of products, which will appeal to different people. Remember that you can only take out one PEP per year.

The main types of PEP are:

■ "Self-select" PEPs. These are close to the original plan euvisaged by Nigel Lawson when he introduced the scheme. You choose a firm of managers to administer the plan for you, but make all decisions about changes to the portfolio yourself. You need in particular to beware of commission charges.

■ "Managed" PEPs. Fund managers choose a portfolio strategy, which is advertised, and then continue with it. Charges are higher – at a similar level to those for unit or investment trusts, which these schemes closely resemble. Managed plans are easier for you to administer, and mean that you can opt for proven managers, aiming for either income or growth. PEPs for incoma, rather than as a supplement for pensions, have been a particular feature of the market this year.

■ "Company" PEPs. A number of large companies, such as BP and ICI, now offer plans to hold their own shares. If you already have a steady holding in one of these companies, and have no intention of disposing it, there is no reason why you should not transfer them into a PEP, as an easy vehicle for increasing your dividend income. Do it before the end of the tax year if you can.

■ Unit or investment trust PEPs. These are particularly secure. They are limited to £3,000, but the tax advantages are considerable. In fact, if you want to invest in a unit trust, it costs you no more in charges to do so via PEP, so why not do so?

ENTERPRISE ZONES

INVESTORS can choose from a full range of enterprise zone investments, which offer top rate tax relief. Investments can be self-financing; as relief is also available on the interest of loans taken out to finance them.

Interest in the zones has been sharpened by the fact that the initial period of ten years for tax concessions runs out for several zones later this year. It is unlikely that tax reliefs will be available on the zones affected after this year.

You can invest either directly or through an enterprise zone trust (EZT). For individuals the latter is likely to be more convenient, but if the investment is being made by a company, or you have a high net worth, direct investment may make sense.

Direct investment allows you to buy a complete property. This puts you in sole control of your investment. You can sell when you want, and to whom you want, provided you observe legal formalities.

However, few can afford a viable commercial property. Brian Williams, chairman of Enterprise Zone Development, which offers a complete service for direct investors, says these properties tend to be "lower price, higher yield, and more often than not you don't get as good a tenant."

Co-ordinated Lands and Estates offers direct investments in the Clydebank and Telford zones, starting from £105,462.

If you are rich enough to invest directly, look at the estimated rents and the prospects for rental growth. Try to ensure you get a good covenant with your tenant.

Trusts offer the chance to invest in bigger, potentially more profitable, properties, with a minimum investment of £5,000, According to John Harrison, of Investment and Tax Planning Services, administrative charges should be lower.

They only offer these advantages at a cost. Exit routes from the investmeut before 25 years are up are secure but untested, and require a majority of unitholders to agree. If you wish to sell but your fellow trustholders do not, you could be in trouble.

Otherwise, trusts are the easier route, as investmeut can be done with ooe cheque.

EZ tax concessions are reserved for commercial property and teud to be stronger, but more expensive, investments than BES companies. They offer greater opportunities for tax sheltering than the BES. Exploiting the tax framework is not for the uninitiated, so seek advice before making decisions.

For direct investments, you could contact Enterprise Zone Development (071-480-7513), the largest player in the field, or Consolidated Land and Estates (071-823-6766).

■ The *Outline Guide to Tax Efficient Investment Through Commercial Property in Enterprise Zones – Investment and Tax Publishing Services, 56 Wigmore Street, London W1. Tel: 071-491-0739 (24 hours).*

ENTERPRISE ZONE TRUSTS AVAILABLE

	Zone	Property	Guarantee	Funding limit
CERT VII	Trafford	Office and Industrial	Pre-let to Brent Chemicals International for 35 yrs	£4.356m
CERT VIII	Tyneside	2-storey office block	Let to developer on 25-yr lease to Akeler Brighouse 3-yr bank guarantee	£3.647m
Greig Middleton II	London	Fleet House offices	Pre-let to Seifert Ltd for 25 yrs	£10.72m
Laser Richmount	Trafford	The Anchorage, Salford	Rental guarantee from AMEC plc	£21.5m
Laser Richmount	Glasgow	Four office blocks	50% pre-let to Clydesdale Bank, 5-yr rolling bank guarantee	£18.7m
Laser Richmount	London	Glengall Bridge Dev.	Pre-let to Balfour Beatty and LET	£20.9m
PET 12	Trafford	5 Exchange Quay	30 yr lease to Charter Developments, with 5 yr guarantee from Sanwa Bank	£17.9m
PET 13	Trafford	1 Exchange Quay	30 yr lease to Charter Developments, with 5 yr guarantee from Sanwa Bank	£16.552m
PET 14	Telford	Hollinswood Court offices	25 yr lease to Mountleigh Group	£8.108m

Further trusts may be announced, from other providers. Cert VIII opens when Cert VII closes. Syndicated agreements available from IPS ( ), Minimum investment £100,000.

MINDING YOUR OWN BUSINESS

Marilyn Bentley meets a creative craftswoman

The art of the hatter and financial survivor

RAE OAKLEY'S creativa talent has gone to her head. Her business is the designing, making, and selling of hats.

Rae began hat-making while studying for her HND in Design Crafts and Business Studies at the Cumbria College of Art, where her course enabled her to combine craft training with an insight into the commercial processes of marketing the product.

"I knew I wanted to set up my own business. I'd always been interested in fashion, so I thought, why not go for the hats?"

After a year working part-time with hat maker Jane Smith, refining her techniques and exhibiting her work at craft and trade fairs, Rae felt ready to set up on her own. She converted her bedroom and part of the kitchen into a workshop, and invested £1,000 in a good sewing machine, hat blocks, some jewellery-making equipment, and about £200-worth of felts and metals. She also applied for an government Enterprise Allowance, which gave her a wage of £40 per week for one year. "I looked on that as an extra – I didn't want to be dependent on it when the year was finished."

In her first year of trading, to June 1990, she made £7,000 from the sale of her hats. This year looks more promising, and she has been able to upgrade the quality of her materials.

Rae's hats are made from felts, and fabrics such as velvet and silk, incorporating metal and embroidery into their designs. Each hat is a one-off. She keeps slides of her previous creations, but customers never have exact copies. The cost of the finished hats ranges from about £30 to £80 a hat, depending on the complexity of the design.

Unlike a milliner, who trims a ready made shape, Rae designs and makes her hats from scratch. Much of the work is done by hand.

"It's a long process, but I usually have about three going at once, so that I don't get stale on one idea." Depending on the design each hat takes about a day.

Rae reaches a large part of her market through exhibitions such as the Chelsea Craft Fair and similar shows throughout the country, although she rejects tha chintzy image often associated with the word "craft". "We're applied contemporary artists," she says. "We exhibit our work and sell direct to the public, and I also get a lot of my commissions through recommendation, from people who've seen my work at shows and told their friends."

Since there is, as yet, little in the budget for advertising, Rae takes whatever opportunities she can find for publicising her work. Last summer, she took a collection of her most unusual hats, modelled by members of her family and friends, to Ascot. She sweet-talked her way into the Royal Enclosure and introduced herself – and her hats – to Jeff Banks, presenter of The Clothes Show. The result was a television presantation of her collection.

"I've had to cultivate self-assurance," she says. "I'm actually quite a shy person, but if I'm going to make my mark as a maker, I've got to get as much exposure as I can. If you don't push yourself, you don't get anywhere."

Rae is working to establish links with some of the London fashion designers, and her work has been favourably viewed by one of London's most exclusive hat stores. But at present she admits she is wary of making any commitment to them.

In addition to designing and making one-off hats, fulfilling her commissions, travelling to exhibitions and making contacts, she still has to deal with the day-to-day details of acconnting and correspondence. There is no cash spare for refinements such as fax machines or personal computers. She keep the books herself, and when her elderly typewriter becomes temperamental, makes a virtue of necessity and hand-writes correspondence in an elegant script. "I know I will need more help in the future. But at the moment, I tend to work a day at a time."

A total dependence on one's own creativity is not something all 22-year-olds would relish. "I have to be very committed. As a young person, you want to do averything, go abroad, spend money on silly things – I can't do things like that." By the standards of her contemporaries, Rae has little personal disposable income. "As the money comes in, it goes straight into the business. It has to. There are still so many things I need. But as long as I'm surviving, it's not a hardship. It's what I want to do."

■ *Rae Oakley, Hat Maker, 38, Queen's Road, Loughton, Essex. 081-508-7061.*

Crowning glory: Rae Oakley with some of her hats

The man who drives a bargain

WHILE the rest of the British motor industry is suffering the recession, Alastair Macintosh'a business is thriving.

He is a car broker, someone who is not tied to one manufacturer and can snpply any vehicle, new or used. Unlike a car dealer, he keeps no stock. Alastair deals with the dealers. As an insurance broker will search for a best quote on an insurance policy, he searches for the best price on a car.

A customer asks him for a price on a car, he finds the lowest available in tha country, then takes a commission on the sale from the dealer. That might be between a half per cent on a small car and and 2 per cent on a hard-to-find larger model. The customer gets a cheaper car and the dealer makes a sale.

He was rapidly approaching 40 and tired of spending three hours a day driving from his Oxfordshire home to work as a sales manager in London when he decided to make the break and started 16 months ago.

Start-up costs were minimal. He runs the business from an office at home, with three telephone lines, a fax machine and a computer. The recession was biting and he found that customers were keen to save money on their vehicles.

In his first year turnover was £1.25m. Half his customers are "companies . . . ranging from leading PLCs to self-employed plumbers", the rest are people wanting a better deal on a new car. "On the latest Ford Escort, you might get a 10 per cent discount at a dealer. I can get you about 15 per cent. My skill is in being able to quote instantly a price on any vehicle in the UK. To do that yon need a network of contacts, which I have built up during nearly 20 years in the motor trade."

He said there are "more than 10 and less than 50" car brokers in Britain, competing for a slice of the 2m new cars registered each year, plus the used car market, which was 7m sales in 1989.

Two of his mnch bigger competitors have recently gone under, victims of the recession. "I am very conservative. I have never borrowed a penny. My main costs are advertising, £200 to £300 a month, and telephone bills, about £150 to £200 a month. About 70 per cent of people who call are shopping around. That costs me nothing because they are paying for the call. Of those calls, on 20 per cent I might need to do do more research.

"I hardly see a customer and I hardly see a new car. I arrange for the dealer to take it to the customer."

"I expect to do a deal with one car every working day. That is a minimum. That might be a new Ford Fiesta at a profit to me of £50 or it might be an unusual used Mercedes at £1,000 profit. You have to be ultra-competitive and if you are £5 too expensive you can lose a deal."

He was pleased to find that his reputation followed him into self-employment. "I underestimated how much business would come from people I had dealt with in the past. I thought I would have to gain most of the business afresh, so at first I overspent on advertising. I suppose I could have saved between £1,000 and £2,000 on advertising." He found 50 per cent of customers came with him into his new business, 25 per cent are from personal recommendation and 25 per cent from advertising, mostly in *What Car*, *Autocar* and *Motor* magazines.

"This has been a bad year for the motor trade. But dealers are keener to shift stock and so they discount severely. That is my opportunity."

Martin Brice

■ *Vehicle Sourcing, Dunleah, Otmoor Lane, Beckley, Oxford, OX3 9TB. Tel 086735-8921, fax 086735-8923.*

Myths which can sink you

ALL BUSINESS owners have beliefs about their companies which, when examined carefully, often founder on logical grounds. These beliefs can be sustained only while growth in sales revenues outstrips growth in costs.

Examples typically include the company's best-designed and best-selling product (which only ever sells at a loss), the loyalty of a group of customers (who always want unreasonable discounts), the effectiveness of sales literature (designed years ago, now dated) and the omniscience of the sales director (ignorant about the wider market).

In a recession, however, as each customer becomes more valued, these beliefs will almost certainly drive the company out of business if nothing is done to dispel them.

What basic convictions, unsupported by tha facts, underpin your business strategy? Here are some sacred cows commonly encountered in small companies:

■ "Nobody knows our business better than we do." This is the classic defence for people who used to know a lot but who have managed to distance themselves from their markets and from tha latest developments in production, marketing and management. The remedy is to get back to some of the principles that guided the business in its early years (less arrogance and more humility?).

■ "The company would not survive without me." This is often said with pride; but it is really an indictment of the owner's management style. By retaining centralised control over the business, there is no prospect of other people contributing to the solving of problems – such as what to do in a recession.

■ "We aren't affected by competition." This reveals a poor understanding of the way customers make choices and also ignores the prospect of action being taken by competitors.

In a growing market, competition will affect mainly your ability to increase sales volume; in a declining market, you will struggle to achieve the same volume and price levels, thus gross sales revenues are affected in two ways.

■ "Cutting overheads will ensure survival." The notion that, by cutting costs, the business will get back to profitability is based on dubious assumptions about inefficiency and cost behaviour. It is more likely that certain overheads would increase (eg marketing expenses). A better response would be to take action over markets, products and pricing, rather than costs.

■ "Borrowing money is risky." Small businesses do not usually have much in reserve for a rainy day. As profits decline and customers take longer to pay, your capital base will become eroded and must be replenished. A medium-term loan, with scheduled repayments and a capital moratorium in the first year is a more secure way of financing the business than depending on the overdraft and extended credit from suppliers.

■ "Quality matters, not price." While it is normally undesirable to sell on price, in a stagnant or declining market, flexible pricing can prove to be an effective tool if used correctly. This need not necessarily lead to lower margins if better buying prices can be negotiated or the offer can be repackaged.

■ "We have all the information we need." In good times there seems to be little need to gather detailed information; so in a downturn how would you begin to collect systematically and analyse information about customers, costs, markets and margins? Information about customers' changing priorities is crucial to how you should be competing for a diminishing share of the market.

All the information in the world will not help you escape the ravages of the recession if you have left your responses too late. Refinancing the business may be the only option available at this stage. But at least your sacred cows would have been put out to grass.

Peter Wilson

■ *Peter Wilson is a Director of the Enterprise Partnership, 15 Park House, 140, Battersea Park Rd, London SW11 4NB. Tel: 071-627-4991.*

LEGAL NOTICES

No 001884 of 1991

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

MR. REGISTRAR BUCKLEY

IN THE MATTER OF THE SAXON HAWK GROUP PLC

- and -

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 15th February 1991 presented to Her Majesty's High Court of Justice for the confirmation of (1) the reduction of the capital of the above-named company by the sum of £13,073,552 and (2) the reduction of the share premium account by £3,419,654.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Harman at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 18th day of March 1991.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital and of share premium account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED this 6th day of March 1991

Theodore Goddard

150 Aldersgate Street

London EC1A 4EJ

Solicitors for the above-named Company.

No. 00159 of 1991

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF PARIBAS FUTURES LIMITED

- AND -

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 4th February 1991 confirming the reduction of the capital of the above-named Company from £5,000,000 and 10,000,000 United States Dollars to 10,000,000 United States Dollars and the Minutes approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 21st February 1991. The amount by which the issued capital of the Company was reduced was converted into United States Dollars and applied in paying up in full new Ordinary Shares of 1.00 United States Dollar each.

Dated this 6th day of March 1991.

No. 00486 of 1991

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION IN THE MATTER OF HARBOUR ASSURANCE COMPANY (UK) LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1985

DATED this 7th day of March 1991.

PERSONAL

LEGAL NOTICES

No. 002272 of 1991

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF NEW LONDON PLC

- and -

IN THE MATTER OF THE COMPANIES ACT 1985

DATED this 7th day of March 1991.

PERSPECTIVES

Not rich, just lucky

***Christian Tyler** meets the 11th Duke of Marlborough at Blenheim*

Alan Harper

AS JOHN George Vanderbilt Hanry Spencer-Churchill gazes from the long sash windows out over a wintry park tha economic vista that greets him is more than a little bleak. The Nineties have started as the Eighties did, in recession, and even ducal belts have to be tightened.

The 11th Duke of Marlborough, owner of the largest private house in England – perhaps in the world – may be one of the most privileged members of John Major's "classless" society.

There is one privilege he does not have, however: the freedom to put his feet up and enjoy his good fortune. The Duke has a going concern to manage and to hand on in good fettle. Like any other chief executive, therefore, he must keep his eye on the business cycle and his ear attuned to decisions taken in far-off Westminster or Brussels.

He has a corporate maxim which might have come straight from the Thoughts of Thatcher: "All our enterprises must have their budgets and wash their faces." And his admiration for the former prime minister does not seem much dented by the economic legacy of her 11 years in office. "She has helped the country enormously," be said, "by getting the trade unions under control and removing a lot of the restrictive practices."

He gave as an example of her success the industrial transformation of Southampton, where Martini & Rossi, the wine and spirits importers of which be is chairman, has a bottling plant.

Nor does he blame her for the decline of agriculture. "From the farming point of view matters haven't improved, they have deteriorated. You cannot blame that necessarily on tha government. It is the fault of the Common Agricultural Policy and over-production."

The poll tax, however is a different matter. "It has hit us badly," Marlborough said, and he is counting on Michael Heseltine's promised reform. He makes an allowance to cover the charge for his 100-odd full-time employees and the tax has cost the estate an extra £15,000 a year.

Interest rates have dealt another blow. "They have knocked us sideways", the Duke said. "We are a trading enterprise and mnch dependent on income. The money comes in during the summer and goes out in the winter, so high rates have caused us a lot of problems."

Spending on the main item of upkeep, the house itself, is being cut back. Routine maintenance must continue, but the programme of restoration work that bad accelerated in the past decade is now grinding to a halt.

Blenheim's grant from English Heritage, which covered 40 per cent of the restoration bills, was stopped last year: an unfair decision, the Duke says, because it was based on the accounts for an untypically good year (1987-88).

Visitors bring in over £1m a year. Despite a fall in numbers from North America – because of the Gulf crisis and an unfavourable exchange rate – English and European traffic should make good the deficit. The Duke does not expect to have to lay off staff next year. Constrained by Capability Brown's famous artificial landscape, the custodian of Blenheim cannot indulge in zoos or fairgrounds to get the numbers up. But the rules of good taste allow a £40,000 maze to be opened next year ("It's the year of the maze"), an inflatable castle for children to bounce on and possibly a human sundial to be added to the train rides and boat trips, to the butterfly house and garden centre.

Blenheim has been supported in the past by American dollars, notably from the ninth duke's first marriage to Consuelo Vanderbilt. But the last fund-raising dinner for the super-rich organised by the Blenheim Foundation, a trust formed to help with the fabric, seems to have been a disappointment. Paid-for company functions – dinner followed by a marching band from the Brigade of Guards – have been falling away as business generally pulls in its horns.

The recession may also cut into the shooting which the Duke lets by the day in order to cover the expenses of his own sport and the wages of five gamekeepers: that and the competition from many other landowners who see shooting as a profitable alternative to farming.

Agriculture, of course, is in secular rather than just cyclical decline. The Duke farms 4,000 acres, of which 2,000 is arable; the rest of the estate's 11,000 acres is tenanted. After two "pretty well disastrous" harvests, and in view of the political squeeze on the Common Agricultural Policy, he may have to cut back considerably on crop production and may take the new "set aside" subsidies for turning the land over to grass.

Meanwhile, he says, there will be no rent increase for his farm tenants this year "because people are just not in a position to pay more."

It is not clear how profitable the woodlands are. The Duke says he has little choice in the matter since he is bound to follow where he can the design of nearly 300 years ago. But the estate's sawmill does make money. So too does the Blenheim ice cream business, although not enough to write home about.

The Duke of Marlborongh does not think recession will make a great difference to his own life and that of his family, although he said he might these days think twice before ordering a new suit. A decade of tax cuts had made a very big difference, bowever. "I remember when under the socialists I was paying 98 per cent," he said. He takes two holidays a year: the Caribbean or Florida at Easter and Scotland in the summer, drives a Daimler (his wife Rosita has a Rover), runs a small stud, and goes to the races when he can but is not an avid racegoer.

Asked if he would describe himself as a rich man, the Duke said: "If you mean could I go out and buy a Renoir tomorrow, the answer is No. I am a fortunate person, fortunate to have been born into the position I am in, to be entrusted with this fantastic house and wonderful objects.

"Bnt with that goes an awful lot of responsibility. It's a challenge I readily accept and I enjoy very much doing it. I should hope I have laid some solid foundations so that Blenheim will last not only for my family bnt for the British nation. I like to think I am prepared for any eventuality."

Profits of phoney warfare

THE PROBLEM of how to make a stately home pay has been tackled aggressively by Rupert Phillips. He provides war games for city dwellers as part of a five-year business plan for developing Burnworthy, near Taunton, Somerset, the 1,200 acre manor house and estate held in trust for himself and his sister.

Although he has built a log cabin for holiday letting and is considering a range of other leisure possibilities including a golf course, his main source of income over the past six years has been Combat Zone, a company specialising in paint ball war games.

The idea was developed first in the US. Phillips and a friend read about it in a magazine, then borrowed £12,000 from the bank for the basic equipment needed – guns, goggles and overalls, with which guests can join mock battles, making a "kill" by firing paint rather than bullets. Phillips and his partner were among the first to exploit war games and pseudo-military activities which have now become widely popular. They even sold franchises of their own version of the games. Then, in December 1988, Phillips bought his partner ont for £50,000. He and his wifa have invested more than £500,000 over the past three years in equipment including showers and secondhand army trucks to transport players around the 500 acres.

Apart from more conventional outdoor activities such as clay pigeon shooting, guests can try their stamina on an army assault course, built by the marines and used for their own training. Helicopters are hired for hostage rescue games.

Paintball games can be mounted simultaneously on three separate sites, catering for about 300 people a day at a basic charge of £30 including VAT, although corporate packages cost more. Most of the activity takes place at weekends, and Phillips says ha enjoys a large amount of repeat business, with many customers coming back two or three times a year. Turnover last year was about £100,000.

It is a competitive business, however: there are some 20 providers of outdoor leisure and adventure within 30 miles of Burnworthy. Phillips's selling point is not just fun: the games develop leadership, communication skills and teamwork, he says. And of course, they keep the old manor in fighting trim.

■ *Combat Zone, Burnworthy Manor, Churchstanton, Taunton, Somerset TA3 7DR. Tel: 0823 60588.*

Jessica Alexander

Hobby-Horses

Serious swordplay

A modern knight tells Nigel Spivey of his Rolls Royce blade

IT STANDS in the corner of his dining-room and the gleaming bodywork bespeaks genuine craftsmanship. The prototype is on display in the Tower of London. His armour, Sir John told me, was of the finest quality available.

Some fellows settled for suits made from old car bonnets, but they made false economies: no car bonnet stands up to a good clout from a poleaxe. However, be could boast that his best sword derived from a piece of Rolls Royce chassis and carried a lifetime guarantee. I lifted it and was impressed. "Yes," said Sir John. "Not many people can wield it one-handed. In fact, I hava trouble wielding it with two hands myself. I prefer a mace. You can do quite enough damage with a mace."

Damage? Sir John tapped his helmet and visor with undisguised pride. After the last tournament, that helmet was like the surface of the moon. Now it had been hammered back into its flawless first state. And his head – absolutely intact; not even the tiniest ache.

This was a powerful recommendation to anyone thinking about investing in pauldrons, cullets, hauberks, hound-skulls and besagews to seek out a couple of units in Chesterfield industrial estate. These units constitute the White Rose Armoury and Haritage Arms: prosperous workshops which meet the specifications of some very pedantic knights, and are increasingly involved in the production of replicas for museums.

Messrs. Hewitt and Chester, the self-taught proprietors, can equip yon with all that might be wanted for a joust: the plated armour, the chain-mail, tha weapons and the leather accoutrements. It will cost more than £1,000 for the full apparel and that is an outlay that plenty of knights are willing to make.

Sir John Cheney was nursing a broken thumb when I met him: the result, he admitted, of donning a sub-standard gauntlet. Tournaments are taken seriously. The contests are as they were originally intended, to keep sharp the skills of combat rathsr than injure opponents; and mostly they do not last more than a few minutes, with defeat implicit in a fall to the ground. Bnt they are taken seriously for as long as they do go on.

The crowds who come to see a joust are not to be fobbed off with some sort of armed dance. A Rolls Royce sword, even when not sharpened, is still a murderous instrument; and Sir John – bespectacled in aspect, mild by disposition – enjoys the sobriquet of "Masher."

He assures me that casualties are rare among the members of the Medieval Heritage Society, a club dedicated to the Wars of the Roses in general and the decade 1450-60 in particular. The Sealed Knot, whose adherents recreate the battles of the English Civil War, and other societies given to playing with muskets and cannons, report more accidents.

I asked Sir John wbether undesirably violent types might not be attracted to join this sort of association. He said that if tha Hell's Angels had any historical leanings at all, they were prone to be Vikings. But I could see that thugs would have little patience with the sophistries of detail antailed by membership of the Medieval Heritage Society (and others like it).

It is expected of associates that they research thoroughly their chivalric models; produce family trees, chart adjustments to the escutcheon, and so on. Nor, if you pay money to see their jousts, will you catch Sir So-and-So having a fag behind the tent, or Lady Such-and-Such wearing a wrist watch as she foots the steps of a courtly danee. Anachronisms are subject to reprimand. The agents of English Heritage will quickly detect any solecism in a wrongly-coloured banner.

Scholars doing doctorates in Medieval prosopography are likely to be found at the Society's events, swapping notes and perhaps suggesting refinements of costume. What the historical John Cbeney (wbo lies, I think, below an effigy in Salisbury Cathedral) would think of all this, wbo can tell: but his 20th century counterpart discharges the name with surprising dignity.

"Living History" is what the rest of us get from this obsession: shows staged at castles and Merrie England jamborees. Tbe Medieval Heritage Society is properly aware of its educational duties and can reckon on getting a subsidised banquet from the proceeds of a stall teaching the public how to use a long bow. And children – for wbom castle ramparts are usually out of bounds and on whom the dynastic niceties of the Wars of the Roses are squandered – children adore the histrionics, if not the history.

A trumpet blows; two knigbts, looking astonishingly like some of the creations of modern scieoce fiction, stagger into the arena, cbeered on by their ladies and squires; blazons are vauoted, cballenges declared; then the clang of metal upon metal, muffled grunts from beneath the visors, and one good dent exchanged for another. I saw every child's face agog at this: and, come to that, every adult's.

Nigel Spivey

'Sir' John Cheney, a knight, but only for the weekend

The river that disappeared

ON THE Ordnance Survey map there is a ribbon of blue, running south from the Thames at Pangbourne, tben west towards Newbury, then north in the direction of Didcot and Oxford. The map tells us that it is a river, the Pang. It is a falsehood.

Half a mile or so above the village of Bucklebury which, according to the map, stands on the River Pang there is a ford, with a gauge marked up to four feet. A fortnight ago, on a rainswept afternoon, I stood in the ford and my feet were dry. A hundred yards below me were a couple of puddles, the first signs of water.

To the north, the course of the river winds away towards Frilsham and Hampstead Norris, pleasant names for pleasing places. It is marked by bankside willows and crossed hy little brick bridges. But there is no water in it, not the merest trickle. Yet the map would have us believe that the Pang extends another five miles above Bucklebury, and that its source is a spring beyond Hampstead Norris.

There was a time, not much more than 20 years ago, when the little stream was alive in these uppar reaches. It was only a baby, too small for trout fishing, and in dry spells it was inclined to disappear. But after the winter rains had replenished the subterranean chalk aquifers, the springs would bubble again and the pnre water would sparkle down the valley.

Fly fishing began at Frilsham and at Bucklebury the Pang was a classic small chalkstream, pellucid, alive with shrimp and insect, full of trout. And there were still six miles of good fishing below, until it ran into the Thames at Pangbourne.

Its troubles began wben a pumping statioo was built near its old source, above Hampstead Norris. To meet the demand from expanding Didcot and the great power station steaming on its outskirts, the Thames Water Authority thrust its boreholes down to feed from the reservoirs in tbe chalk. And the Pang began to shrink.

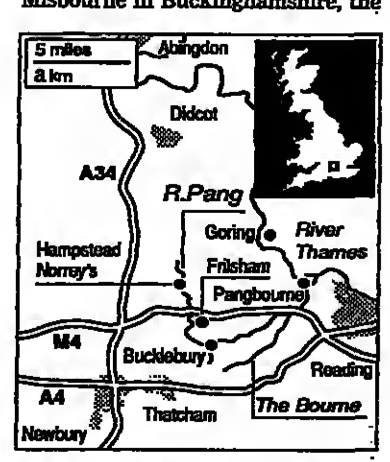
Mile by mile, the river simply vanished. The bed at Hampstead Norris becama dry for most, then all of the year. The flow became intermittent down to, and then past Frilsham; tben ceased altogether. Below Bucklebury what had been a healthy stream was reduced to a pitiful dribble.

As usual, the fishermen were the first to complain. But since fishermen are always complaining, little attention was paid. Gradually, however, it dawned on a wider public that the river was becoming a former river; that it was dying; that a crime against the countryside was being committed.

The fishermen joined forces with the conservation groups, and they mobilised the parish councils and the landowning bigwigs. And they shouted at the National Rivers Authority, which had been created to stop such things happening. And the NRA began to make noises at the newly privatised water company, elegantly christened Thames Water Utilities, which was still sucking up to 16 megalitres a day through its pumping station.

It is a pleasure to report that the forces of right appear to have won the day. Last month the water company announced in smug tones that as a result of developing new boreholes beside the Thames south of Goring, it would be able to reduce abstraction from its Compton station by two thirds. The campaigners believe this could transform the Pang, bringing life back to its barren upper reaches and appreciably improving the flow, the quality of habitat, and the fishing, all the way down to the Thames.

It is necessary, however, to place this small triumph in context. The Pang is but one of numerous south country streams, among them the Misbourne in Buckinghamshire, the



Darent in Kent, and the Allen in Dorset, whicb have been all bnt destroyed by abstraction. And for the others, no salvation is yet in sight.

Moreover, the eovironmental altruism of water companies is a restricted commodity. As Thames Water has retained its abstraction licences, there is nothing to stop it returning to its wicked ways. It says it does not need to for the moment. But a surge in demand from a proposed new power station at Didcot, perhaps, or from one or more of the integrated villages which developers are clamouring to dump on us could well cast the Pang as a victim once again.

The biggest proviso of all concerns something over which neither I, the NRA, Thames Water, General Norman Schwarzkopf, oor anyone else can hope to exercise much control. It is of course, the weather: the simple fact that it no longer seems to rain enough in this country to keep our rivers, swimming pools and water butts full, our lawns and golf courses green, and our illusions about the essential wetness of our climate intact. Let the message go forth wa must have more rain. Please.

Tom Fort

Archaeology

Suffer the vanquished

NEVER BEFORE has warfare had the capacity to inflict such widespread devastation. Yet the sufferings of those in the ages before mechanised weaponry were often terrible and almost routine.

They could expect siege, disease and defeat. How did they cope? Under siege the most obvious privation that they had to guard against was lack of water, but when times were really dire, the solutions were extreme – human sacrifice and liberating slaves.

There was war in Palestine 9,000 years ago, during which the settlers of Jericho on the West Bank built a tower against the city wall, to get down to the spring while the enemy was outside. This wonder of the early defence survives to a height of 30 ft and has an internal staircase so that the water carriers were quite safe.

Cisterns were another way to hold water under siege. Tha Classical cities in Crete often have a huge cistern in the middle of the main square. At Lato in the hills above Ayios Nikolaos it is at the foot of the steps up to the town hall. At Dreros near Elounda it has a prominent site beside the temple of Apollo. Both are impressive works.

Freeing slaves as a way to get out of trouble was a tough decision as it threatened the basis of society, but the Spartans did it during the long Peloponnesian War with Athens. In 425 BC the Athenians had cornered the Spartan army on the bleak island of Sphacteria on the sea side of Navarino Bay at Pylos. The Spartans, desperate for food and water and faced with losing their best citizen-soldiers, promised freedom to any *helot* (slave) who would swim across the bay with relief rations.

Such a U-turn in Spartan social organisation, utterly unthinkable in the normal, rigid ways of that city, was a chance the *helots* did not turn down. Swimming underwater so that the Athenians' ships would not catch them, they took a mixture of poppy seed, linseed and honey in skins. It must have been like tbe Greek sweet halva, a loaf of crusbed sesame and honey that is full of quick energy.

Human sacrifice was a way to escape trouble by appeasing the gods with one's most precious gift. It was an old practice for the Carthaginians, who had a sanctuary to the goddess Tanit of infants and first born killed in her honour to help the city. When the war with Rome was going badly they had a mass sacrifice, Livy records. Today at Carthage tbe many marker stones at Tanit's shrines suggest other occasions we do not know of.

The Phoenician settlers of Carthage may have brought this habit over from the Middle East. Abraham ordered to sacrifice Isaac is an early story – luckily be did not have to go all the way – and the sacrifice-tbeology of tbe deatb of Jesus carries on tbe tradition. Matching the stories are finds sucb as the Bronze Age temple found on Amman airport, where burnt infant, animal and bird bones were packed into the building togetber witb offerings of gold jewellery, stone vases, and pots.

In Crete too new finds sbow buman sacrifice, to the distress of those wbo did not think the Minnans were that sort of people. In a temple on the slopes of Mt Juktas, which dominates the skyline above Knossos, Yannis Sakellarakis found a body on an alter, a dagger nearby, and people crushed by falling blocks near the door. He interprets the scene as a sacrifice to stop a earthquake of which they bad had the first tremors. But it came all the same, catching those trying to escape.

Knossos has tbe otber grisly story. During Peter Warren's dig in tbe town around the palace his bone expert, Sheilagh Wall, noticed that some human bones had the same nicks from butchering as one finds on animal bones. They date to around 1,450 BC, when mucb of the town burnt down. Tbere are remains of – at least – four children, who were in good health. The butchery marks are mainly on the ribs and show removal of meat and flaying. Brain, heart and lungs were also taken out.

This could be a curious way of preparing children for burial, were it not for the other finds. Nearby were many vases of types used only in religious ritual, and the bones of a slaughtered sheep and snails of the sort one has in snail stew in Crete today. Warren sees a buman sacrifice, complete with cooking and eating – enfants aux escargots.

What then was tbe occasion? Most likely to avert the destruction of the town by earthquake or conquering Mycenaeans. But, as at Archanes, the rite did not succeed.

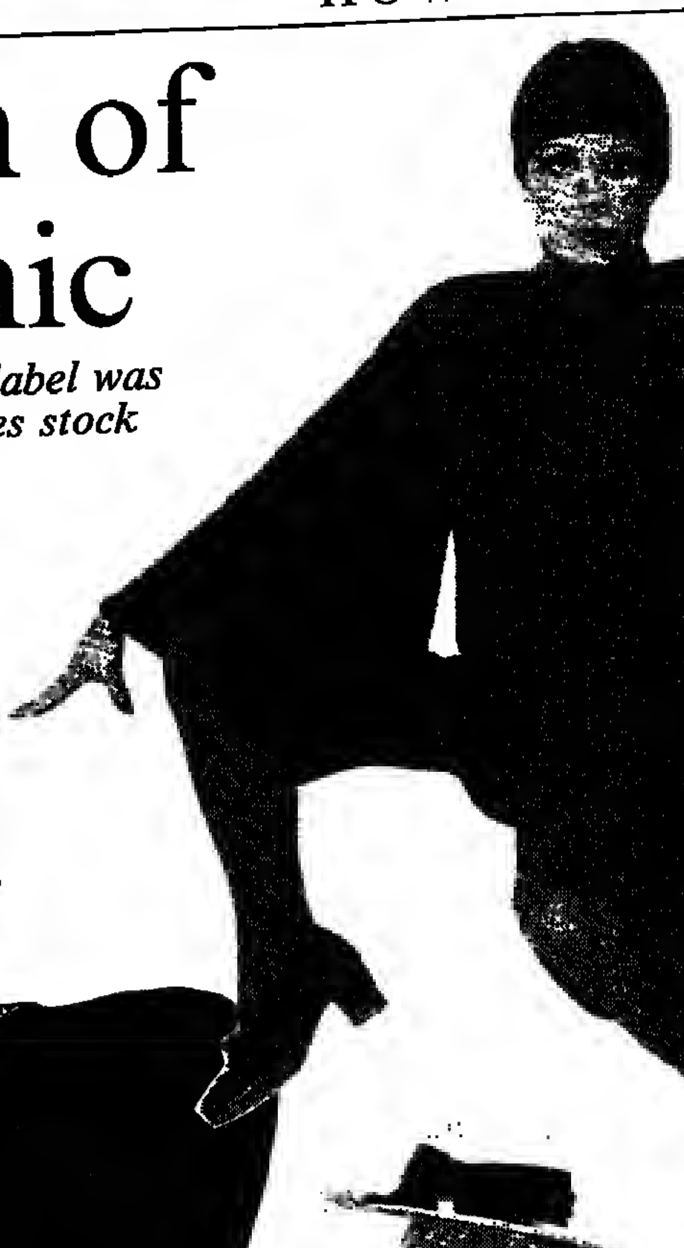
Gerald Cadogan

HOW TO SPEND IT

The queen of simple chic

*It is 25 years since the Jean Muir label was launched. **Lucia van der Post** takes stock*

Miss Jean Muir CBE, photographed by Gemma Levine



Joanna Lumley, one of Miss Muir'a first and favourite models, wearing a brown jersey tunic and culottes from the autumn collection of 1975

THE WORLD'S greatest dressmaker, as Miss Jean Muir is universally acknowledged to be, emits a nervous intensity of purpose that may make even the most serious of interviewers feel sloppy and ill-disciplined. She it is who provides almost puritanically refined clothing of impeccable cut and fit for those women, famous and not so famous, who warm to her special brand of classic pared-down chic.

Frivolous or ill-conceived questions, one senses, will not be well-received. Miss Muir as she is always, bnt *always* addressed, is in fact, impeccably courteous and beautifully-mannered. The hesitancy in her answers seems to have much more to do with a painstaking addiction to truth and precision than with any lack of frankness.

She is very small, very delicate, very pale and is dressed from head to toe in navy-blue. Of course. Miss Muir is famous for many things. For always wearing navy blue. "It simplifies the business of dressing and packing." For the curious way she ends almost all her sentences with an untranscribable sound, half interrogative, half emphatic, a sort of uhuh, rising at the end.

Most of all, however, she is famoos for avoiding the conceits of the world of haute couture, for disliking the word designer and preferring to be known as a maker of ready-to-wear clothing.

She sees herself, above all, as a technician and dressmaking as more craft and trade than art. "Craft in its true sense," she told a Crafts Council conference for teachers at tbe Victoria and Albert Museum, "is totally necessary... only from the aesthetic point of view, but also because in economically difficult times the products which have an innate feeling of craft and quality are the ones that suffer least. So craft is a means of survival."

Clearly, for her, it is not just a means of physical survival but of moral survival.She has an almost religious attitude to making and believes that "making things is the basis of a healthy society."

She is given to qnoting Ruskin: "Ws want one man to be always thinking, and another to be always working, and we call one man a gentleman and the other an operative, whereas the workman ought often to be thinking, and the thinker often to be working, and both should be gentlemen in the best sense."

For all her delicacy of presence she is profoundly practical. She is proud of the fact that she can do almost anything with her bands. She knows that clothes must first be good, that they must sell and, finally, they must look good on the person who bought them.

For her commerce has never been a dirty word. Commerce is what happens when yon make something work. "Commerciality is based upon excellence," she says.

The point about Miss Muir is not that she is an innovative, mould-breaking designer, but rather that to the business of dressmaking she brings a respect for its discipline and technique that shows in the end product. All those who wear her clothes sense this integrity of purpose. They are refined and feminine without being coy. The handwriting has a consistency that has lasted through the years but also constantly evolves. The tributes to her clothes are legion.

Lady Antonia Fraser (as she then was), once summed it np when sbe wrote: "A number of women who have to define themselves in public by their appearance, for a variety of different reasons, turn to her clothes with ecstasy and relief." Her clothes are worn by women as varied in their personal styles and looks as Miriam Stoppard, Barbara Streisand, Lauren Bacall, Bridget Riley.

At the heart of the Jean Muir style there lies a skilful resolntion of apparently irreconcilahle paradoxes. Based on the most careful discipline and an almost geometric attention to proportion the end result is fluid and rich with intuitive flair. The collections seem simultaneously classic and radical, familiar yet new. They are highly fashionable and yet have nothing to do with fashion.

Miss Muir is a Scot by birth – attributing her steely addiction to work and standards to this – wbo had no formal training. She worked in the stockroom at Liberty when she was 15, worked in varions other departments and eventually found to her astonishment that doing what she did most easily, which was having ideas, was called designing. After a stint designing for Jaeger and developing a label called Jane & Jane she finally started her own business, Jean Muir Ltd, at 22 Bruton Street in 1966, 25 years ago.

There was an episode, a few years ago, back, when she sold the company to Coats Paton. She doesn't care to talk about it.Suffice it to say that after four years she bought it back. It is not, you are given to understand, that she has anything against big business, it is just that it isn't *her*. All this means that nobody has much idea of how much her business is worth. The company is entirely privately owned and she effortlessly implies that talk of money and worth is not so much vulgar as beside the point. The point, of course, is making clothes as well as she can.

The only hint as to the size of the company is that there are five collections a year – two main, two studio (the same Jean Muir proportions and colours hnt generally in less expensive fabrics like lambswool instead of cashmere) and one resort. There are usually about 100 different designs in the main collection, (where a jacket might be £650, a skirt £230), about 270 in the Studio collection (prices typically in the £150 – £400 range) and about 40 in the resort. These are sold into about 40 shops in this country, 21 in the US and a handful of exclusive shops in Germany, Australia and Ireland.

Not only does she design everything herself (she starts each new collection by devoting a whole weekend to it – sitting up in bed, Churchillian fashion, surrounded by paper and her packets of Pentels) but there is no detail, whether it be a pattern, a toile, a seam, a button or a belt, that is not decided hy her personally. There are more than 100 people in Jean Muir Ltd, divided between Farringdon Road and Bruton Street but the manufacturing is done hy a hand-picked group of ontworkers and small manufactnring units.

Many designers, especially designers for hante conture houses, use the main point of the clothes is to establish a brand on the back of which they can sell the scarves and the perfumes and launch an empire. For Miss Muir the point of the clothes is... the clothes. There are no Jean Muir perfumes, scarves chocolates or restaurants.

She says: "One has to decide what one wants out of life. If I was going to be a big international designer 1 would have had to live in New York. I am extremely happy living in this country. 1 like doing the things I do. If one had wanted a large business 1 do actually think one would have one."

She may not be ambitious for a huge financial empire or for constant growth but she is ambitious for standards and quality and maintaining them..."That's my *raison d'être*...or to set an example if you like...and I don't mean this in a peraooal sense...standards should run through life and clothes are a three-dimensional way of presenting standards – standards of taste, of quality, of discipline of integrity.

"If you set yourself up to be something then you have an absolute responsibility, in my case, to the people who are going to buy my clothes. Of course we are only buman, everything we make has to pass through human hands and not everything is always perfect but it is something to aim for.

"I'm always working against time. I oversee everything 1 do. I don't know any other way of working – the overseeing part is the interesting part. I hate the word creative. I see myself as a technician. I approach my work in a very academic way – I reason it out. I've evolved a formula for myself, a system, really like an algebraic formula.

"I start off with basic ingredients like colour. Though people perceive my colour palette as being mainly navy and black, I love colour and every collection has quite large splashes of other colours. I work instinctively with the same materials – wool crêpe made in Carlisle from Linton Tweeds which I've been working with for years. And jersey and suede, cashmere and lambswool."

Top: Perfect for Ascot, weddings, garden parties or even a boardroom lunch. Navy and white spot viscose dress with flared skirt and matching belt, £380, from the Jean Muir Studio Collection for spring-summer. Straw hat, £95.
Bottom: Fun but ladylike - navy and white spot viscose shorts on an elastic waist with a long, loose over-glouse in a rverse navy and white spot viscose. Shorts, £155, blouse, £200. Both from the Jean Muir Studio Collection for spring/summer.

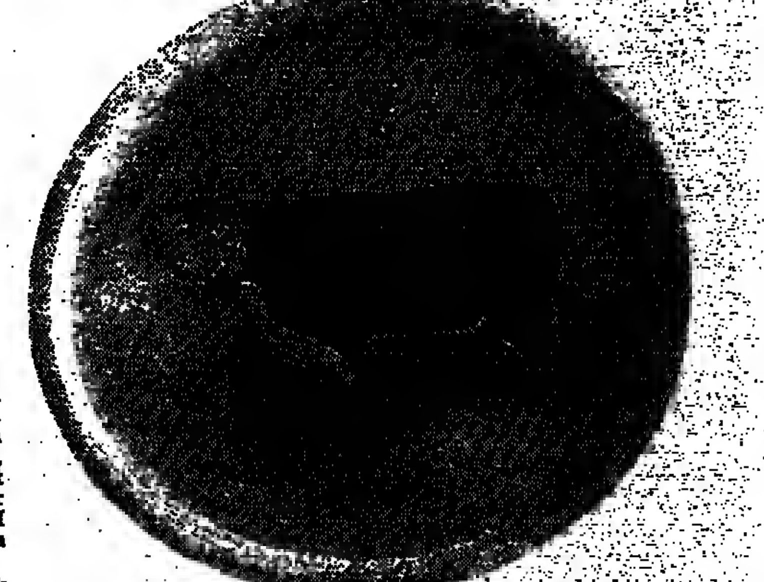
Shape is very important to her. Being tiny herself she has always found excess cloth uncomfortable. Hence "I have pared down shapes depending totally on structure and not on drapes or frills or extra things. I always fit the clothes on myself because that way I can feel the garment."

She sees herself as a very technical designer and gets intense satisfaction out of the mechanics of turning her ideas into garments that please the women that huy them. Finally she lines evsrything up to make sure that it makes sense from every point of view. Does it make sense to the store buyer? Are the colours right? Have 1 covered all the shapes and sizes? Who is going to wear the clothes? Is there enough, but not too much, that is fun?

The personal involvement never stops. "The satisfaction for me is in the doing – as long as 1 want to go on doing it 1 shall go on doing it. When I don't, I shall stop."

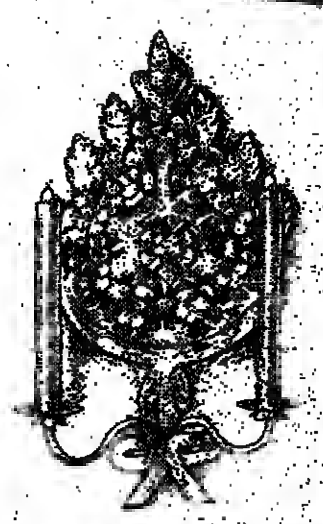
■ There is a rare chance for readers to see the complete Jean Muir collection and studio collection for spring and summer on Wednesday March 20 at Harrods, Knightsbridge, London SW1. There will be four shows all preseoted in exactly the way Jean Muir herself likes to present them – at 11.30 am and 12.30, at 3.30 pm and 6.30 pm and Jean Muir herself will be at two of them, 11.30 am and 6.30 pm. For tickets call Mary Law in the international designer room on 071-730-1234 ext. 3209.

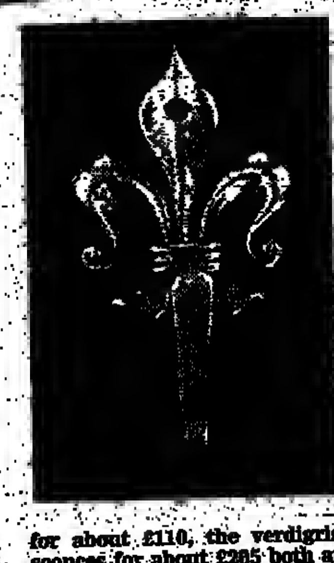
An art form reborn



JOAN GOLFAR and Caroline Hughes are tôle ware enthusiasts. As they saw the genuine antiques becoming more rare, and the prices ever higher, they became keen to revive this decorative art. In 1987 they started their own company, Golfar & Hughes, which initially produced just two pots and 30 wastepaper baskets, a few of which I showed on this page about a year ago.

Today the range is enormously expanded – there are cachepots in every size and shape, from small single pots, to large, richly decorated round ones. There are trays like the round one illustrated here, featuring hand-painted animals in naif style. There are wastepaper hins, lampahades, candlesticks and highly ornate metal sconces hand-painted with a verdigris finish, like the one sketched here. Also new to the Golfar & Hughes collection are brass picture hooks, like the one photographed far right.





For those interested in some of the history behind tôle ware, which is basically the term used to cover hand-painted metal objects, it was started in the early 1700's in Pontypool, south Wales, flourishing for 200 years before falling out of favour.

The Golfar & Hnghes range can be seen at Besselink & Jones, 99 Walton Street, London SW3, The General Trading Company, Sloane Square, London SW3, Thomas Goode, 19 South Audley Street, London W1, Asprey of 165 New Bond Street, London W1, and Pia Taylor of 17 Marketplace, Tetbury, Glos.

The tray featured here sells for about £110, the verdigris sconces for about £205 both at Besselink & Jones. The picture hook is part of a range varying in price from £10.35 at The General Trading Company.

■ THOSE whose idea of stationery bliss is some discreetly engraved Smythsons writing-paper will probahly not approvs – hut Sandra Oakins' rubber address stamps are different and fun.

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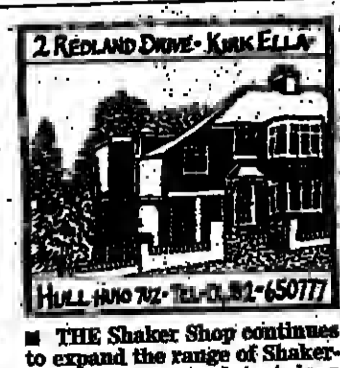
The process takes between one week and one month, depending on her workload. Sandra Oakins is a graphic designer who can turn her hand to most things – she also does drawings of animals. Write to her at: Elm Houses, Bransdale, Fadmoor, York.



■ THE Shaker Shop continues to expand the range of Shaker-style goodies – latest is a range of bath products based on a combination of rosemary and grapefruit oil – handsoap is £3.95, bathsoap £4.95 and milk bath grains, £10.95. The trio in a charming Shaker box would make a splendid present. The shop is at 25 Harcourt Street, London W1.

■ FANS OF the fine guage John Smedley knitwear might like to know that besides the cult underwear, made from fine long-staple Sea Island cotton, there are now ribbed socks made from similar cotton. They come in all smashing colours – raspberry pink, navy hlue, pistachio green, oatmeal – and cost £8.95 for ankle-length versions and £7.95 for the knee-length version.

For those who like something a little warmer, like the many Scots fans of John Smedley wear, there is a range of ankle-length Argyle socks (£8.95). Coming up for next autumn are extra fine Merino wool socks, and cashmere ones. Stocked by S. Fisher of Burlington Arcade, London W1; Harrods of Knightsbridge, London SW1; Flannels of Manchester and Jenners of Edinburgh.

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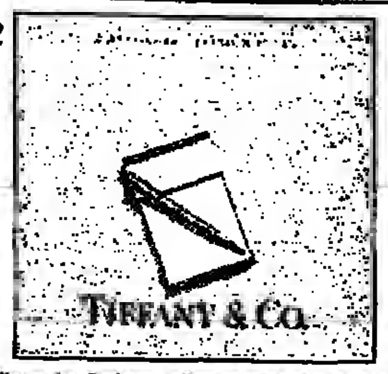

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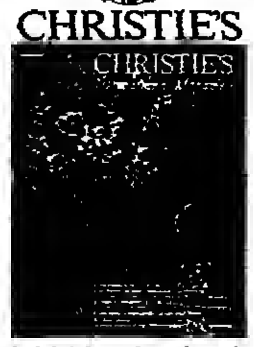

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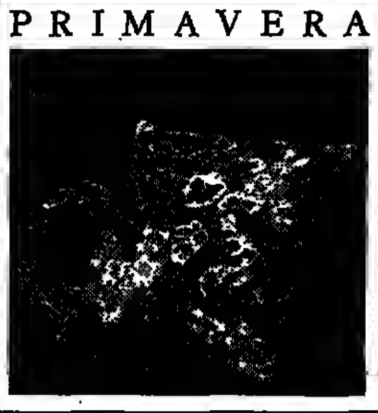

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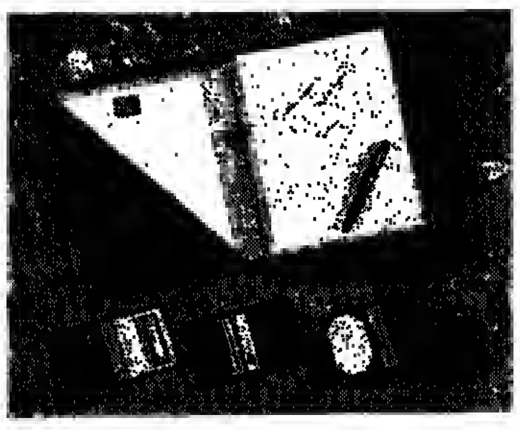

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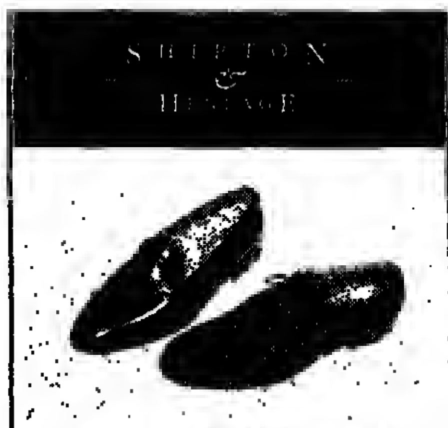

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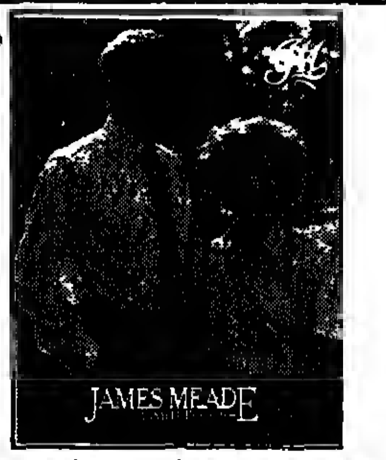

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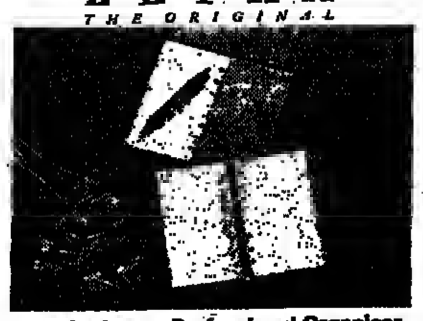

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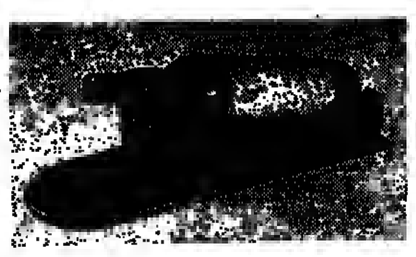

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PROPERTY

Capital returns revive prices

John Brennan says London's commuter chaos is creating demand for in-town houses

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One of the main themes of their annual review of activities is the shift of buyer interest from out-of-town to in-town homes. It's the obverse of the exodus-from-London arguments. Higher value home buyers emerge as increasingly reluctant to consider long-distance commuting into the capital.

James Wilson believes that "the high-value property market has now bottomed out." and although the company expects asking prices to remain flat until the end of the year "London properties will," he says, "offer the best investment opportunities."

A reported 20 to 25 per cent drop in achieved sale prices for £500,000-plus homes in town and country over the past 18 months has brought larger family homes in London within the buying range of people who, previously, had to look a good distance down the commuter lines.

"It is very noticeable," says Wilson, "that people are not willing to travel unless they absolutely have to."

In its review of the past year tha company reports, "a notable swing away from people wishing to move out to the country at all costs for a higher standard of living."

"We find that people have become far more aware of the practicalities of living in the country," says Wilson. "They are no longer swayed by the idea alone."

The rural idyll in 1991 may be achieved by proximity to a London park, a good-sized garden and a cab ride to work rather than rolling acres and an hour and a half's rail journey each day.

Wilson & Wilson's analysis adds to the sense that the spring sales season in the capital will prove to be significantly more cheerful than the dour and uncertain outlook a month ago. At that time the Gulf War, daily reminders of the depths of the economic recession, and a seemingly immovable government position on interest rates combined to suggest that 1991 would be another year to scrub off the property calendar. Agencies were complaining that homeowners, even if they did want to sell, still were refusing to put good London homes on to the market unless they were forced to.

So far this year that has left much of the running to the developers who, with completed properties fall into the "no choice" category of vendors.

At the top of the market, among the homes offered for £5m or more, even internationally wealthy buyers have been cautious about committing themselves in the London market. Yet it is understood that the single most expensive new home in Regent's Park, the £8.5m Ionic Lodge, was sold within weeks of its public release. Similar discreet multi-million pound trades have been made throughout the winter months.

John D Green's Linrich Investments' Trevor Lodge in Knightsbridge is clearly aimed at this rarified, selective, but still active sector of the upper market. Joint sales agents W A Ellis (071-581-7654) and Russel Simpson (071-225-0277) are handling the sale of the first new house to be built on this Trevor Estate site since the early 1800s.

The asking price of £3.7m covers 5,800 sq feet of new-built Regency-style town house plus its restored neighbour, 16 Trevor Street, SW7. Some 4,300 sq foot of the space relates to Trevor Lodge itself, where John Green has created a double-fronted, five-storey house with five bedrooms, impressive reception and entertainment space, plus a two car garage. The Lodge has a new 75 year estate lease with a £2,500 a year ground rent. The three bedroom 16 Trevor Street, which can be sold separately, has 19 years' left on a lease with a £200 a year ground rent.

Mid-market buyers are beginning to see a wider choice of family homes on offer. However, there remains a complex mixture of "good" and "bad" value properties. Asking prices range from the absurd to the realistic with a vast uncertain gradient in between. Anyone thinking of buying without professional advice should attach a *caveat emptor* sticker to their car. That will enable sales agents to see them coming in time to dust off those bottom drawer properties that have been available for at prices which reflect their owners' conviction that it is only other peoples' homes that have declined in value.

Down-market, it is not so much confidence as simple affordability that dictates the level of market activity. A couple of half point reductions in interest rates have helped to speed the realignment of incomes and costs, and it is evident from developars' reports that buyer interest in the cheaper of the overhang of completed but unsold new houses and flats in and around the capital has perked up. Nevertheless, the pace of recovery of sales remains, largely, in the hands of Chancellor Lamont.

Regency 90s-style: Trevor Lodge, Knightsbridge, a newly-built Regency-style 5,800 sq feet town house. The asking price, with its restored neighbour, is £3.7m

An attractive investment

PERCY LODGE, on the edge of Richmond Park in East Sheen, provides illustration of relative values. The former hunting lodge of the Duke of Northumberland was bought in 1983 for just under £500,000. The new owner sold the west wing that year for £150,000. Although a large amount was spent on the six bedroom house with stable block and staff flat, Knight Frank & Rutley's resale of the house last month for more than £1.5m equals straightline capital growth of £135,000 pa over eight and a half years. Even without the opportunity cost of the initial purchase price, that is an equity increase of almost £100,000 a year. That's the kind of capital appreciation reserved for stocks like Polly Peck, but without the same risk.

J B

A city on the move — but only just

NORMAL traffic congestion, compounded by the recent transport chaos caused by bombings and bomb scares, highlights the quality of life argumants against living in London. There would be no prospect for any recovery in the London housing market if some of the more dramatic estimates about the exodus of the capital's population prove correct.

In fact, although the pace of corporate relocations from London speeded up in the 80s, and 250,000 people made a permanent move out between 1981 and 1989, natural increases kept the net population loss to 50,000. That left 6.75m Londoners at last count.

The best estimates of the disposable income per head of population – including children, pensioners and others without recorded earnings – run to £6,300. That's 117 per cent of the UK average of £5,388, enough to keep Mr, Mrs and Ms Londoner at the top of the country's pay scales.

Just how long that wealth-gap can be maintained depends on the amployment figures. After a long-term uptrend in employment, thanks primarily to the 80s surge in business services, recent job losses have increased the greater London registered unemployed total to over 200,000, 5.1 per cent of its estimated total resident workforce of 3.9m.

Tha end of the Gulf War, the trimming of interest rates – with more to come ahead of an election that may be sooner rather than later – weigh on the positive side of the balance for renewed housing market activity in London. But that worrying rise in unemployment acts as a depressing counterbalance on confidence.

Nevertheless, those in work have been earning more and the most recent Department of the Environment New Earnings Survey shows that average earnings in London have risen to £19,921. Set against average house prices of £84,310 the price to earnings in ratio in London had fallen from 1989's 4.6 to 4.2 by mid-1990. The subsequent fall in values will have further narrowed the affordability gap.

As Adrian Coles and Jarlath Costello argue in the Council of Mortgage Lenders' preview of 1991 housing finance, because of that sharper than average increase in affordability, "The upturn in house prices expected in 1991 is likely to be led by the South East and Greater London, the regions that led the housing market into recession." Assuming, of course, that anyone still can get around town to view and buy.

John Brennan

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GARDENING

Robin Lane-Fox and Arthur Hellyer look at ways to make sure the grass is greener on your side of the fence

A wet tendency and the anti-thatcher war

FOR years, we have all been waging a slow war against moss. By 1987, it seemed that moss would win. The summers had been wet and the winters wetter. Moss revels in wet English weather and world-famous English lawns. If you had looked closely in spring, 1988, you would have found that some of the greenest swards were moss-hound and becoming worse. Amateurs had no hope unless they were fanatics and experts at chemical warfare.

Non-fanatics hegan to he consoled with two answers: one was expert, the other green. Experts began to tell us that moss is a symptom and, in order to be rid of it, yon must correct its cause. The trouble was that the causes are so vast. Acid soil is the least of them: acidity encourages moss, and, if you test the soil of your lawn with a Rapitest Lawn Kit (price: 50p), you can check its condition and top-dress it with lime in small doses if the acid balance has the upper hand. Othar causes include had drainage and shade.

Has anybody ever acted on the experts' advice and corrected the drainage and level of their lawn in the hope of controlling moss? I mnch douht it. Has anybody eliminated shade by felling trees or lowering huildings around a lawn in order to stop moss in its tracks? Of course not: we lived with the symptom and continued to think that the experts were experts because they knew a cause.

The green answer was simple: learn to love moss instead. In Japan, after all, there are famous moss-gardens. In April, small patches of Kyoto have banks which glisten like green velvet behind the white-stockinged feet of the visiting queues of school children: why not have such green velvet in England, without the school outings? If you want to encourage moss while you control surrounding weeds, you can use ICI Weedol, which kills weeds and does not hother moss. The trouble is that moss inoks miserable in a normal summer. In Japan, too, the moss-gardens are a mess out of season and are no alternative to proper English turf.

In the last two years, the balance of the war has swung suddenly in our favour. Two dry summers have stopped creeping moss in its course: it has died by the acre and is one good reason why lawns looked so fearful last year. The recent rain has started to revive it, hut it begins from a position of weakness. This month is exactly the right moment for a rapid strike at an enemy which is down: hit it with two offensive wespons and you will contain it for some years.

These weapons are a special rake, or a powered scarifier, and a specialised chemical. It is important to use them in the right sequence. The chemical should go on first and be left for up to a month: the rake will pull out the dead remains of the enemy hut it will also spread moss spores over the lawn, which need to be anticipated hy a chemical already in place. Chemicals are used in two ways: either you dilute them or you spread them as sand or granules. The ingredients vary and so do the effects.

Specialist moss-killers exist by the dozen but, if you can attack tha necessary area with a spray or watering-can, I recommend plain old Armillatox. A five-litre pack costs about £17 and treats almost an acre of grass. Its active ingredients are phenols and they are killers, pure and simple, without any fertiliser. You should wear gloves when you mix it up and, although it is rather laborious, it is certainly cheap.

The cheapness emerges by contrast with the specialised, np-market killer-cum-fertilisers. One of the hest is ICI Lawnsman Mosskiliar, six sachets of which cost ahout £7 and cover about 60 sq yds: Armillatox is 20 times cheaper. The Mosskiller includes fertiliser and chemicals, among them dichlorophen, which works against other grass-diseases. It is efficient, but priced for small areas.

If Armillatox sounds crude, you might prefer a cocktail, perhaps a three-in-one: why not kill weeds, kill moss, seed the grass, and save your legs in one single dressing? I have never pulled off this hat-trick successfully. Dry weather may have intervened, hut there is also a prohlem of timing. Moss ought to be hit in autumn or in March, whereas weed-killing is best left until late spring, when the weeds are growing and ready to burst.

Fisons Evergreen Extra is a cocktail which can be spread from a lawn-spreader on hig areas, hut the best results do depend on a bout of normal spring weather. Between a straight killer and a complex three-in-one, there is a compromise: one of the compounds of iron and a basic fertiliser. Most of the named moss-killers work on this principle and among the hest are Fisons Mosskill Extra or Arthur Bowers Mosskiller: a hit cheaper than the Boots or ICI Mosskiller for Lawns. These particnlar hrands are not just a one-month wonder.

Almost any moss-killer with iron in it will turn the moss hlack within a few weeks, hut not so many of them will stop it regrouping and re-invading. Murphy's Tumhlemoss is another long-term weapon, hnt I have twice hit difficult spells of weather when using it and have found that it does not then give you such a rapid kill.

After the chemical treatment, you should wait for a few weeks and then set about some ferocious raking and scratching to remove the dead enemy. I recommend a savage little number which has proved its fangs on my Oxford College's lawn. It has wheels and there is a knack to pushing and pulling it to the best effect, hnt its teeth are hooked and strong and will rip ont any debris among the living grass. It is known as the Wolf Roller-Aerator UR-M3, and it costs about £38. There is more of a risk that it will over-perform than under-perform: it does not only savage moss.

If you set to work in March, yon can use this aerator to savage two enemies at once. It drags out dead moss, killed by the dry summer, and it also rips up a nasty deposit called thatch. Thatch builds up from dead grass and rotting stems. It thickens and forms a hrown layer which has thatcher habits: it smothers anything under it and stops any competitor from getting a look-in.

After the dry summer, you have a real chance of winning the moss-war: you can also win the war against dehris and prove yourself a powerful anti-thatcher in the process.

The rake's progress

THE NEXT few weeks are the best for cleaning up lawns after what has been a rather troublesome winter, to get them off to a good start for the spring and the summer.

They will certainly need thorough raking to drag ont dead grass and accumulated ruhbish and then an equally hard brushing to remove it all hefore mowing. These operations may also be enough to rid lawns of moss but if not, there are excellent moss killers available (which Robin Lane-Fox in the piece on the left).

However, there are occasions when, once the moss has been killed, the ground is bare, partly because the moss has choked the grass but probably also because the wet and compacted soil conditions, which suited the moss, helped kill the grass. If that is so, it may be necessary to start all over again hy digging the soil, improving its texture with bulky humous-forming materials, such as peat, leaf mould, compost and manure, and feeding it with something that will encourage rapid growth, such as a nitrogen-rich fertiliser or organic dressing.

After the winter, there is often a degree of soil compaction that can be dealt with by spiking. On a small scale, this can be done with an ordinary digging fork thrust three or four inches into the turf and then levered back to raise the turf slightly. This is repeated every four to six inches all over the compacted area, and then a fairly fine, humous-forming dressing, such as peat or one of the new peat substitutes, scattered generously over the area together with coarse sand or grit and hrushed or raked into the loosened soil. Hand or power-operated spikers will do the work more rapidly and, if the lawn is really large, hiring a big power-operated machines could be worthwhile. Some of these punch out cores of turf, leaving clean holes into which top dressings can be hrushed.

Elimination of unwanted weeds (and I accept that not everyone wants to remove everything that is not grass) should be left a few weeks longer until they have started to grow more vigorously and so are more sensitive to selective lawn herbicides. It is not necessary to carry out wholesale treatment. It is quite easy to spot-treat weeds if there are not too many of them, and this can save money, though not, as a rule, time. I usnally use a liquid selective lawn herbicide applied from a gallon-size pneumatic sprayer fitted with a lance that reaches easily to turf level. Methods such as this are essential to create a meadow lawn in which wildflowers are an essential part, hut selected wildflowers, not necessarily everything that nature is prepared to supply.

Two critical things to decide are the height and freqnency of cutting. Those who have lawns for games such as bowls or puttinghave little choice. For a few weeks, until play starts, they can enjoy the unaccustomed liberty of three-quarters of an inch of growth, hut later on it will be half that or even less. That puts the grass under

great stress, for it has so little leaf area to manufacture the food that is essential to keep it in good health. It is particularly difficult for the lawn in dry weather, when generous watering will be essential, but do not try to get out of the difficulty with extra feeding. Without leaves to make use of the food, it will do more harm than good.

Many lawns are cut far more closely than is necessary, if they are required solely for appearance. The Broadwalk in the Royal Horticultural Society's garden at Wisley the wide grass strip that separates the long flower borders leading to Battleston Hill and the trial ground, is left with 1¼ inches of growth all summer to cope with the wear it has to take. If you had asked me to guess, I would have said 1 inch, for it looks very tidy, but, even with 1¼ inches to sustain it, there are bare patches by the end of the summer. Certainly, no lawn required solely for decoration need ever be cut below ¾ inch and most could be allowed 1 inch. That is ideal for rotary mowara of all kinds, from small hand-pushed machines to big ride-ons, and it also suits cylinder mowers, provided they do not have too many blades, which are only required for close mowing and clog if used on long grass.

Turf to form new lawns or patch old ones can be laid in March, unless soil conditions are bad, either frozen or waterlogged. Much turf is still cut from meadows or huilding sites in the old-fashioned way about 1½ inches thick, hut professionals use turf grown from a selected seed mixture to suit the purpose for which it is to be used and cut more thinly for lightness in transport.

It is unwise to sow grass seed until April, except in the mildest parts of the UK, since soil temperatures will be too low to ensure rapid germination and grass seed lying about ungerminated is at risk to birds and other enemies. How long either turfing or seeding can continue depends to a considerable degree on watering. Drought is the main enemy after May.

Country Note

Snakes in the bracken

THE SANDY African track stretched away in front while from the rear of the Combi a plume of dust, like a Red Arrow's vapour trail, whirled away behind. The dark stick in the road was one of many, and I took no more notice until just before I hit it. At that moment I recognised it as a snake, and the snake saw instant death bearing down upon it.

The reptile's reaction was far quicker than mine – hut then, it had more to lose. As I swerved, the hlack mamba (for that is what it turned out to be) whipped its head and about a metre of its body upright and ont of the vehicle's path. For a moment, it was staring in through the open passenger window as we looked out. Then, it was gone.

Snakes and hot countries such as Africa seem almost synonymous; and although we have nothing as large as that mamba in Britain, one would have expected the last year's hot summer to have brought a rash of sightings. But while more grass snakes were apparent, I spotted fewer adders.

The grass snake, sometimes known as the water snake, lives in damp areas and takes readily to water when hunting small fish or amphihians. It can swim quickly and remain below the surface for some time in order to catch its prey. It might be this need to seek aquatic food that led to an increase in the number of sightings last year for, as natural water sources diminish or dry np altogether, so grass snakes take full advantage of the growing number of garden ponds and slithered into gardens in search of food.

Gardens are also useful because they supply compost heaps or stacks of lawn mowings where the female can lay her soft-shelled eggs in the warm, decomposing interiors. Gardeners can do much to help conserve grass snakes by building a square frame and filling it with lawn cuttings as an incubator for their eggs.

A grass snake in the garden should not cause alarm for they are quite harmless and recognisable immediately by their olive bodies and hright yellow collars. A full-grown grass snake is well proportioned and might be more than 1.25 metres long. Its eyes are round, as opposed to those of the adder which are vertical slits. If picked up, grass snakes exhibit a range of defensive techniques including voiding a foul-smelling and clinging fluid and playing dead, hanging limp with mouth agape, in the hope of being discarded.

Adders, in the same situation, will try to bite; hut then, only the experienced or the foolhardy pick up adders. Their bite is painful hnt rarely fatal except to the old or the very young, and only about a dozen people have died from adder bites in Britain this century. Insect stings have claimed more than 200 victims.

Adders are short, stumpy snakes. Their markings are distinctive, with a wavy hlack line down the centre of their backs and a dark "V" at the nape of the neck on a background which can vary from light green to hrown.

The zig-zag line appears to mirror the shape of hracken leaves and gives a clue to the adder's preferred habitat for, lurking among hracken and hasking in the hrown dead leaves, its markings are mistaken easily for the leaves or for the shadows they cast.

The adder loves dry areas and hunts mainly warm-hlooded prey such as mice and voles. It sneaks np behind a small mammal, bites it and retires rapidly. The animal succumbs and the snake, using its tongue to transfer particles of scent in the air to a special sense organ in the roof of its mouth, smells out the corpse which it swallows whole.

Snakes are cold-hlooded and rely on the warmth of the sun to provide the energy they need for hunting. In the spring, when British species emerge from hibernation, they spend a good deal of time basking, flattening their bodies to absorb as much heat as possible to get them going. It is then that they are at their most sluggish and easily seen.

The danger of being hitten is greatest then. A sluggish adder sunbathing on the clear area provided hy a footpath will be unable to slip away quickly and will try to bite the foot that steps on it. But most people walk with footsteps that are earth-shaking to snakes and give them plenty of warning.

It is naturalists who are at risk when we tread softly, in the hope of seeing these reptiles or some other creature. It is not only hird and animal watchers who may be bitten. A botanist friend crouching to photograph a spring flower was bitten when she knelt on an adder.

Michael J Woods

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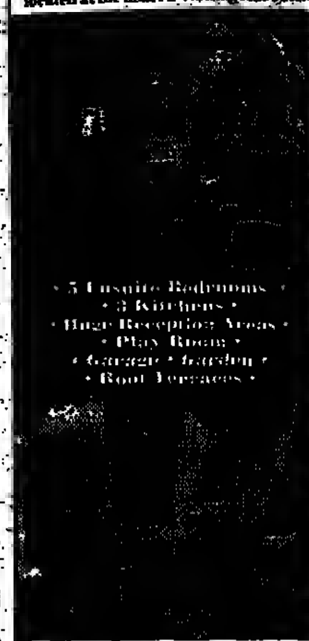

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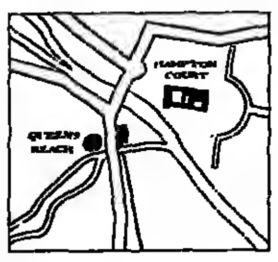

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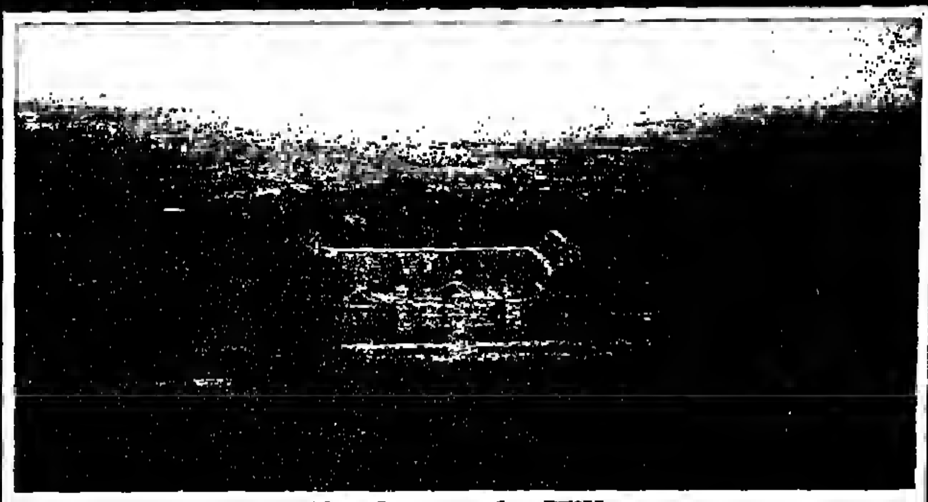

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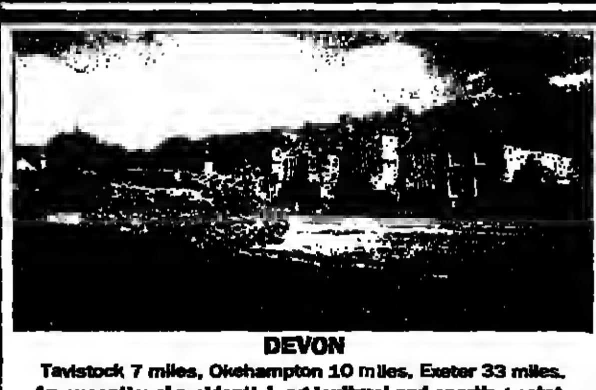

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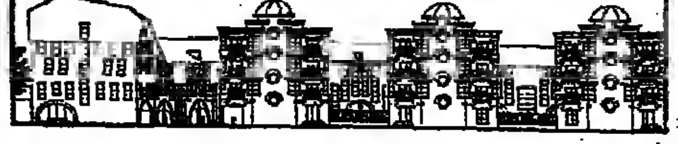


TRAVEL

A perfect day in Zermatt

Arnold Wilson finds superb snow

AS IF in a dream, the three of us entered the steep powder-field and hurtled down like snow-starved demons – turn after exhilarating turn. The sky was brochure-blue. The Matterhorn loomed large.

We were alone on Triftji, Zermatt's most challenging run.

We swirled and swathed our way through almost perfect powder. "This is incredible," said Andrew Dunn, my skiing companion. And when the boss of a ski company tells you this is possibly the *best* day's skiing he can remember, you know that something special has just happened.

To catch Zermatt with superb snow and excellent weather is a great privilege and Triftji, in good conditions, is the kind of run for which yon would travel all the way to Zermatt just to ski it for a morning – and then return home gratefully.

Normally, in mid-season, it is packed with moguls, and if you are lucky you might catch some powder on the edges. The day we were there it was one huge powder field and the long drag-lift back to the top – like a ghostly and abandoned escalator – seemed a personal stairway to heaven.

The powder does not stop at the bottom of Triftji. Should you cut across and down to the Gant cable car, perhaps to reach Adlers, one of Zermatt's best gourmet mountain restaurants, there are several more sections of delicious powder. in fact, our morning on Triftjl and the subsequent descent to Gant was every bit as good as a morning's helicopter skiing – and vastly cheaper.

The skiing from tbe Stockhorn area across to Gornergrat and beyond to the dramatic Klein Matterhorn among the sunniest and the best in Zermatt. From the top of the Klein Matterhorn cable-car – Europe's highest – you get a unique profile of the Breithorn (13,660 feet), one of the half-dozen or so majestic peaks that stand shoulder to shoulder on the Swiss-Italian border across the desolately beautiful Gornergletscher.

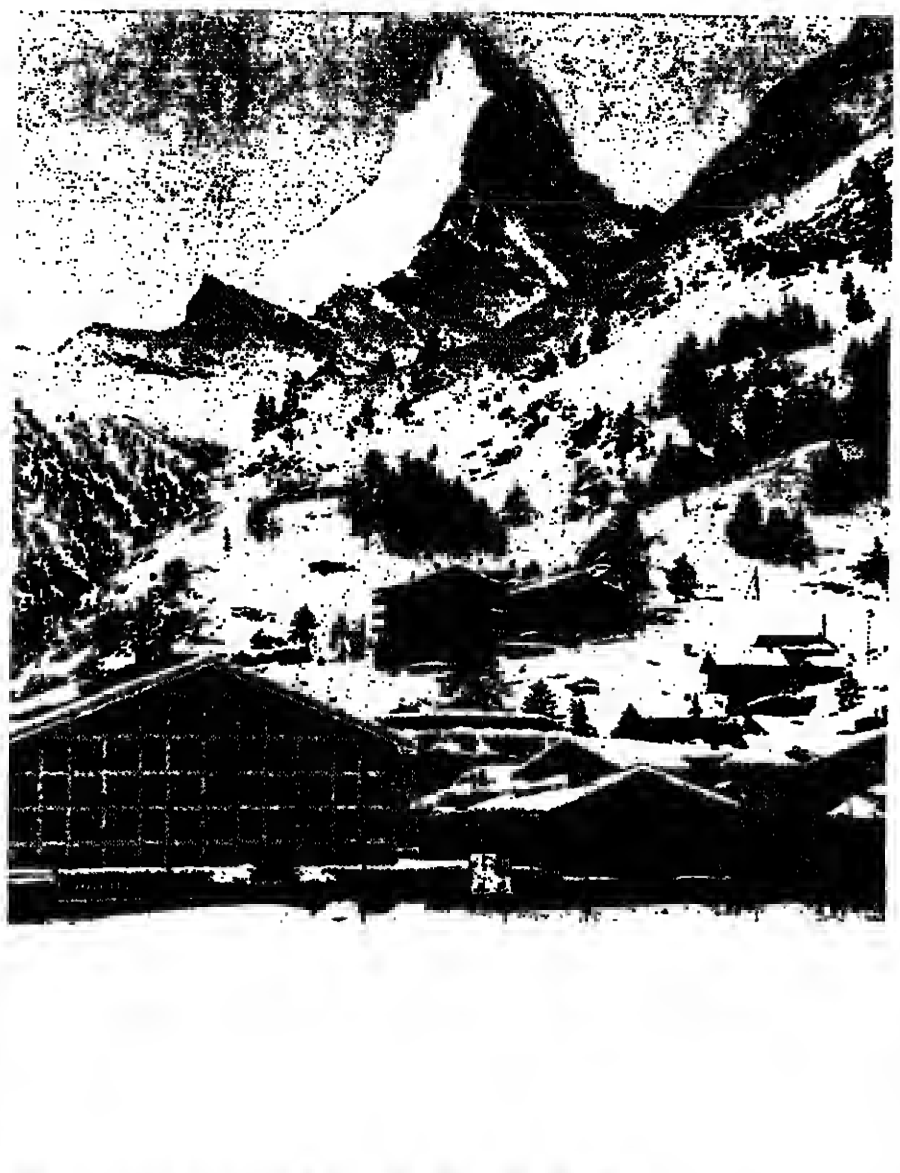
Normally you only view them head-on, but from here you get e close-up of the king-sized dollop of snow perched on its peak which makes it look like an unstable cream-puff. The magnificent Monte Rosa – at 15,200ft the tallest of Zermatt's classic peaks – wallows in whiteness, and the Matterhorn had never looked more stunning.

Wisely, Zermatt had taken major precautions to combat the possibility of yet another grim start to tbe season – although fortunately tbe resort's fears were not realised. The resort has installed more than 125 snow-guns, for Zermatt has moved towards the American concept of artificial snow-making: using it to help put down a base even in a good year rether than seeing it merely as an emergency provider during a bad one.

Just aboot everything was open – and in Zermatt that means an awful lot of skiing. Every area has its moderately easy way down. On the Sunnegga-Blauherd-Gornergrat side, mucb of the skiing is easy, wide-open and (weather permitting) sunny. Trockener Steg and the Theodulgletscher are easy but sometimes bitterly cold.

The Schwarzsee area, closest to the base of the Matterhorn (14,588ft) has a delightful scenic ronte, the Weisse Perle, as a quite challenging but manageable alternative to the temptingly adventurous but tough Aroleid. It is fun to try both. Sometimes an obsessive hunger for black runs can steer yon away from gentler pleasures. It may not be as exhilarating as Triftji, but there is something very satisfying about cruising down the Weisse Perle – with the occasional roller-coaster swathe through the trees – as dusk begins to throw shadows across the valley. As you pass the tiny hamlet of Zmutt, one or two lights begin to twinkle welcomingly in Zermatt itself.

Before you finish for the day, there is one more important appointment to keep. Zermatt is famous for its mountain restaurants and huts, and one of its great traditions is that skiers winding their way home drop into one of the myriad cabins built by tha side of the piste, or perhaps half-hidden in the forest, for something hot and alcoholic.



Zermatt: intoxicating skiing and some most illustrious bars

After skiing Triftji in sucb sublime conditions, some sort of celebratory drink is virtually compulsory and later, after a hot bath, you can continue celebrating the intoxicating skiing at some of the most illustrious bars in the Alps without any fears of intoxicated driving.

Cars are banned in Zermatt, so you can either stagger back unaided on foot from elegant five-star haunts in Mont Cervin or the more convivial Elsie's Bar (good for oysters and snails). If that does not suit then take a ride in one of the electric taxis that buzz about everywhere in Zermatt.

■ Arnold Wilson's *visit to Zermatt was arranged by Ski Scott Dunn. Tel: 081-767-0202. One week (half-board) in low season costs obout £400; high season: £600.*

A route to fresh peaks

Martin Wolf takes up a skiing challenge

SO THERE I was, once more on the Col des Ruillans above La Grave in the French Alps, for the last run of the week. in front of me was the more difficult of the two unpisted runs down les Vallons de la Meije, running from 3,200 metres down to 1,450m. Behind me were six days of teaching designed to turn me from a cautious intermediate into a fluent skier of the trackless wastes. Not that this run was precisely trackless, but for someone used to carefully manicured pistes, it seemed both wild and forbidding.

Over the next hour our skis flew over breakable crust, soft snow and hard pack. We four followed our leader through gullies, under the glacier, between rocks and trees and over hillocks. Yet none of it seemed particularly difficult. At the end, I felt not merely that I had skied a challenging run but that I had skied a real mountain, not something meticulously moulded into convenient shapes for bordes of casual skiers.

It was a fitting end to a week with Richard Johnson's Ski Challenge. I began as someone who had skied perhaps 20 times over 25 years, but had achieved no higher standard than that of a competent intermediate.

During my latest effort at skiing – Val Thorens, New Year 1990 – I had succeeded in diving over unseen rocks twice in the first two days and retired hurt for the rest of the week. It was with trepidation, therefore, that I had stood in Serre Chevalier – an unfit middle-aged editorial writer – six days before that final run

It would be idle to pretend that there had not been moments of trepidation, fatigue and incompetence in the intervening days. But Richard Johnson, holder of a British Association of Ski Instructors qualification for some 15 years, was determined to teach – and teach he did.

He had his small gronp of six skiers skiing into the merciless eye of his video camera, hopping and walking round corners, doing step turns and – one way or another – having their skiing taken apart and put back together. All this was done quite kindly, but in a way that made it clear how far one still had to go.

This business of lessons is a little fraught. French ski schools are monopolistic, which is partly why so many British skiers remain blocked intermediates. After one or two attempts in large groups with instructors they do not understand, whatever the instructors' notional claim to fluency in English, and they prefer to flounder on their own. British instructors such as Johnson provide the obvious solution, but do so at their peril. Being taught bow to ski in these circumstances is like entering a speak-easy during prohibition, with every passing ski instructor a local cop.

Nonetheless, being taught by a competent British instructor works for me, especially wben tbe group is kept moving along. Ski Challenge is a one-man band. It never takes more than eight people and the group is taught by Johnson himself. The minimum requirement is to be able to ski red runs with some fluency.

Ski Challenge offers more than tuition. One stays in a family-owned hotel, the Edelweiss, in La Grave, a proper Alpine village, not a purpose-built monstrosity. By Travelling in Johnson's Land Rover the group can ski in Serre Chevalier, Alpe D'Huez, La Grave itself and Les Deux Alpes. We skied the first three of these in the six days.

As one might expect, the skiing is varied. Apart from that last day in La Grave, I most enjoyed the long, but manageable, black run down the Sarenne Valley at Alpe D'Huez.

At the end of the week I felt I had some idea of what I was doing wrong and enough confidence to have a go at putting it right. Runs that I would have found daunting at the beginning began to look merely challenging. If that is what you want from a skiing holiday, especially with a company that cannot pass the buck because there is nobody to pass it to, then Ski Challenge is for you.

■ *Ski Challenge is at Milber Cottage, Manor Rd, Seer Green, Beaconsfield, Bucks HP9 2QU. Tel: 0494-670270.*

Merrie England

Island of the imagination

WHILE IT is washed by the English Channel on two sides and infiltrated by the fingers of Poole harbour on a third, Purbeck is still firmly attached to the underside of England and is only an island in the imagination. To reach this corner of Dorset there is no need to cross water, no bridge nor ferry to take; indeed, without the broad red line drawn on the map by Dorset Tourism, it is not immediately obvious when you come onto the island.

Like every island, Purbeck has its port. At Wareham the river Frome is navigable from Poole harbour right into the town until a low road bridge prevents further passage. Yachts and cruisers can tie up at tha side of one of the town's small but delightful squares where boats were once loaded with grain from since-converted warehouses.

On the opposite bank are more boats and a riverside path leads to the river's mouth. It is easy to see from a stroll down here that, like all good ports, Wareham should be approached by water. The Priory Hotel sits above trim lawns which sweep dramatically down to the river's edge. Finding the place from the land is a different matter, for it is tucked discreetly in the corner of the square in front of the church, a fine building with a fish weather vane and the only six-sided lead font in England.

South of Wareham is the island's castle at Corfe. On a hazy or misty day, and from the hill-top vantage of the nearby village of Kingston, it looks like a towered cathedral. It is, however, a genuine ruin, for this National Trust property was wrecked by Cromwell during the Civil War. Huge walls were overturned and half tha gate-house sent sliding, still upright, down the castla mound to create the astonishing sight of a gateway split vertically in the middle and at two different levels.

South of Corfe again are the Matravers, Langton and Worth. The latter, with its village pond and jumbla of stone-roofed cottages, is the more chocolate box of the two. Around both are small quarries of Portland limestone. This operation is essentially domestic in scale. The scattered holes reflect the fact that over the centuries almost every village had its little quarry and lima kiln.

Along the coast to the west the sea itself has carved away the cliffs at Lulworth Cove and Durdle Door. The former can look tired and worn after receiving coach-loads of summer visitors. It is difficult to see why most of them go there, for the majority are not walkers hut seem to stroll down the main street and jostle where it stops at the sea's edge to glance at the rounded lines of the bay, buy ice creams and return to their buses via the toilets. There is not a lot to do at Lulworth Cove unless yon walk or take part water sport.

The perfect lines of Lulworth are best viewed from the air or at least some nearby high point, which means walking on the cliffs or climbing the hills behind. The cliff path is excellent and leads west to the rock arch of Durdle Door, whose landward approach hy road has been engulfed by caravans. Sach a walk will also reveal the crumpled and folded rocks of the cliffs. Pushed in like the nose of a Peke.

The quieter hamlet of Kimmeridge sits on top of the Purbeck Hills, from where the views inland over Dorset's heaths, and seawards across the long rounded waves of folded chalk, are magnificent. Its church is tiny but perfectly positioned at the top of the village street.

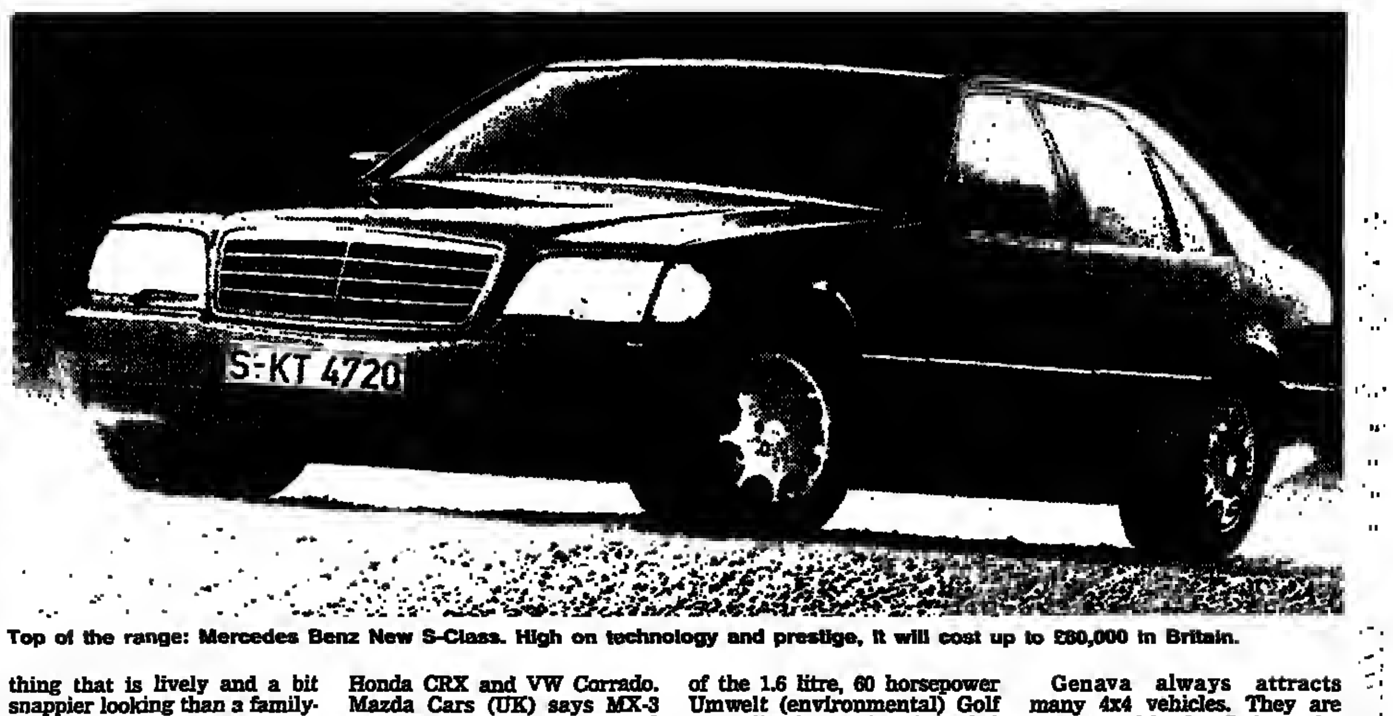
The sound of gunfire disturbed my visit; part of the constant reminder of the army's presence in this part of Dorset. Access to the coast is restricted; inland, tanks rumble and crash over heaths. The majority of Purbeck consists of the low-lying valleys of the rivers Frome and Piddle ("or Trent," as my map coyly notes.) Here are some of Dorset's heaths at their best. Renowned for their populations of rare smooth snakes and sand lizards, they are seriously endangered and still disappearing. There are large blocks of woodland which provide suitable habitat for a range of species including sika deer, whose tracks are readily visible along the forest rides.

Michael J Woods

MOTORING

Mercedes unveils heir to the king of the road

Stuart Marshall examines the star of the Geneva show



Top of the range: Mercedes Benz New S-Class. High on technology and prestige, it will cost up to £80,000 in Britain.

NO-ONE actually said The King is Dead, Long Live the King when Mercedes-Banz presented its New S-Class at Geneva this week but it would have been seemly and appropriate if they had.

For the last year, the life of the 11-year-old *S*-Class has been drawing peacefully to a close. To the end of its reign as king of large and luxurious volume produced cars it remined active, managing now and again to vanquish in combat – outsell if yon must – such pretenders to the throne as the BMW 7-Series.

Now the old S-Class, a benchmark in car-making for top people the world over, has gone to that great reserved car parking space in the sky.

Its replacement is the brightest star at the 61st Salon International de l'automobile that opened in Geneva on Thursday. Bigger, heavier, more powerful and dearer than the old one, it will be prodnced until well into the first decade of the 21st century. It is a regal vehicle, a worthy successor to the crown.

By the and of its life in, say, AD 2003, perhaps only heads of state, captains of industry and senior diplomats will aspire to snch cars. Mere board-level businessmen may, in the interests of energy conservation and environmental protection, have to settle for something far less grand than a Mercedes-Benz New S-Class saloon.

Not that the S-Class is environmentally unfriendly. Mercedes-Benz has done its best to make it the least polluting as well as the most advanced car of its size.

Take its *catalytic* converter system, for example. "Cats" have to reach a high working temperature before they can start cleaning up the exhaust. Mostly, this warm-up lasts for about two minutes and until then, the cars are pumping out untreated exhaust gases. But the quick-heating catalytic system of the 600SEL's 6-litre, V12, 48-valve engine is operational in half that time.

Obviously, no car 205 inches (521cm) long and weighing over two tonnes on the road is going to be renowned for fuel economy. But Mercedes-Benz says its electronic engine management system is the world's best for redncing emissions and maximising efficiency.

As faw anvironmentally damaging chemicals as possible go into manufacturing the car. All but the smallest plastic parts are coded for easy recycling.

Californian burred walnut and beech is used instead of tropical Zebrano wood for interior trim and Mercedes-Benz says it is looking at replacing real wood with synthetic. (I always thought the glittering grained material around the transmission selector was plastic. Some years ago I caused consternation at a Mercedes-Benz press conference by asking why it used ersatz wood trim in its cars at all. Apparently, German customers want gennine tree wood, but like it to be as shiny as a toffee apple).

Tha world's first double-glazed side windows will make the New S-Class interior quieter than ever. Power-assisted closing, first used on Mercedes-Benz estate car tailgates several years ago, means S-Class doors will never be slammed. When the lock's first stage engages, an electric motor clamps the door silently shnt.

There is a choice of four engines, all multi-valved. They are a 3.2 litre, in-line six and two V8s of 4.2 and 5-litres capacity, already seen in the SL sports car, and the 6-litre V12. Outputs range from 231 to 408 horsepower and antomatic transmission is standard. Top speed of the 3.2 litre 320SE is said to be 143 mph (230 kmh). The others, though potentially even faster, are governed to a 15 5 mph (250 kmh) maximum.

My drive to Geneva was a sentimental journey in the current model Mercedes-Benz 300SE. In a few weeks time I shall know how big an advance the New S-Class is upon this charismatic veteran. The car goes on sale immediately in Germany but will not reacb Britain with right-band drive until October. For the top V12 engined model, a price of nearly £80,000 is thought likely.

Although the big Mercedes has stolen the limelight, it is hy no means the only star at the Geneva show. The public is getting its first chance of examining the new small/medium Citroën ZX hatchback and Mazda has unveiled its latest sports coupe, the MX-3.

There is, according to Mazda, a trend away from the "bot batchback". The 2+2 seat MX-3 is aimed at buyers wbo would have had, say, a Peugeot 205 or Golf GTi but want something that is lively and a bit snappier looking than a family-type car with wider wheels.

Snappy image: Mazda's new MX-3 sports coupe is for hot hatchback owners who fancy a change

The MX-3 is being launched in continental Europe this summer and will reach the UK in the autumn. The top model will have e 1.6 litre, 24-valve V6 and a 5-speed manual gearbox, the lesser one a 1.6 litre 4-cylinder combinad witb 4-speed automatic transmission. It has power assisted steering, is perky rather than pretty and its only obvious rivals are the Honda CRX and VW Corrado. Mazda Cars (UK) says MX-3 will be reasonably priced and forecasts a big demand.

The latest Audi 100 is also making its first show appearance at Geneva. Versions with 2.3 and 2.8 litre V6 engines will go on sale in Britain in May. Two-litre petrol and super-economy direct-injection turbo-diesel models follow and new Avant estate cars will not be far behind.

Nearly two years after it was shown as a prototype, Audi has decided to put the cabriolet – based on the 90 – into production. An example is displayed at Geneva and mainland European sales start this year, though British buyers will have to wait until 1992.

An original idea on the VW/Audi stand is a sunroof containing 28 solar panels. When the car is parked they generate electricity to power the heater/ventilator and prevent the interior from becoming oven-like.

Volkswsagen's long awaited VR6 engine makes its debut in a super-Passat that is expected to cost over £20,000 when it goes on sale in Britain in the autumn. A narrow angle 2.8 litre V6, transversely mounted, it fits easily into the Passat because it is shorter than an in-line 4-cylinder and virtually no wider. Multi-valve and diesel versions will follow.

Encouraged by the success of the 1.6 litre, 60 horsepower Umwelt (environmental) Golf turbo-diesel, VW has installed a 1.9 litre, 72 horsepower version in the Passat. Umwelt diesel engines, which are fitted with a simple catalyser, have such low emissions they undercut the strict German 0.08 grammes per mile limit for particulates and escape that country's vehicle tax.

Rover's new 200 and 400 diesel cars have made their debut at Geneva. They use the same PSA Gronp engines as the Citroën BX and Peugeot 405 – a turbocharged 1.8 litre or naturally-aspirated 1.9 litre – combined with a Honda 5-speed gearbox. Prices range from £10,690 for a 218SD to £14,250 for a 418GSD. All hut the 218SD have power steering as standard.

Ford is showing its lavishly equipped and high performing Scorpio 24V with an engine developed by Cosworth Engineering, of Formula I racing fame. Also on the stand is a Fiesta Calypso that will appeal to fresh-air fans. Its very large, power operated fabric sunroof can be opened and closed at up to 60 mph (96 kmh). The Scorpio 24V goes on sale in April, the Fiesta Calypso in June; the sunroof will add between £500 and £600 to the price.

Genava always attracts many 4x4 vehicles. They are popular with the Swiss, who get a tax benefit if they agree to let the army have them in a military crisis. Since there has not been one in Switzerland for centuries, it seems a good way of ensuring mobility in winter and saving money at the same time.

Mitsubishi chose Geneva as the European launch pad for its new Pajero. Wa call it the Shogun in Britain, where for years it has been the best selling on-off road 4x4 after tha Land Rover and Range Rover. Tha styling is curvier than before and interiors are even more car-like. A new two-range transmission controlled by a single lever gives the choice of rear-wheel only or full-time four-wheel drive on hard roads. The naw Shogun reaches Britain in May, V6 petrol or 4-cylinder turbo-diesel engined and in short or long-wheelbase versions.

Veuxhall's first on-off road recreational vehicle, the beefy-looking, fat-tyred Frontera, is also making its debut. It will be made at Luton for world markets. Like the Shogun, it comes as a 2-door, short wheelbase ntility or 4-door long wheelbase estate car. Engines, by General Motors, are a 2-litre petrol with catalyser and 2.4 litre turbo-diesel. Sales will begin by the end of the year.

TRAVEL

If it's Wednesday it must be jet lag

Tim Burt becomes a high-speed tourist, taking just 11 days to see the world

THERE ARE all sorts of ways of circling the globe. Phileas Fogg used everything from camels to hot air balloons. Francis Drake spent three years sailing around in the *Golden Hind*. Centuries later Yuri Gagarin did the point-to-point in 108 minutes aboard *Vostock 1*.

None of them, however, was exposed to the kind of jet lag that today disorientates travellers criss-crossing the time zones. Fogg, Drake and Gagarin never woke in the middle of the night thinking it was noon, nor emptied a hotel mini-bar in search of a sleeping draught. Some hoteliers say their mini-bars are used more in the early hours than at any other time of day. The culprits, they add, are often short-stay tourists on world tours.

These are the so-called globetrotters: rich holidaymakers who circle the planet in the time it takes most people to get a suntan. Tour operators recommend at least three weeks to see the world but, as I found out, it is possible to inhale a whiff of Asia, Australia, French Polynesia and North America in just 11 days.

There is time between flights to fit in Patpong, Bangkok's red-light district; a Singapore shopping mall; a beer in Darwin; sea-sickness on the Barrier Reef; poseum-spotting in Queensland; a concert at Sydney's Opera House; diving in Tahiti; and the stars' homes in Beverly Hills.

Passengers considering such a trip must enjoy flying. The 24,000-mile escapade requires around 50 hours in the air, 36 airline dishes and constant time changes.

Bangkok is used as the common gateway to Asia and tour operators say most of their clients are happy to skip the Middle East and Indian sub-continent. You need to hit the ground running to make the most of two days and two nights in old Siam, although Bangkok cabbies can be hard to shake off. The unluckiest travellers are adopted by a driver who stalks them at every halt and waits with his engine idling while his prey rush around the sights.

Tourists dizzy with golden temples and pagodas are then urged to visit Patpong, the red-light district where good-time girls charge about £4 for bedtime services. The flesh market is full of tourists sweating anxiously. It may be anticipation or humidity: Bangkok is steamy.

In daylight, many patrons recovering from Patpong tend to opt out of the city for the floating markets at Damneonsaduak, where credit card numbers are exchanged for fake Gucci watches and handbags. The credit market has squeezed out the old Thai trade, and customers travelling business class now outnumber locals travelling cart class.

With only nine days left and no time to lose, high-speed tourists glimpse little more than the transit lounges of some cities, such as Singapore and Darwin (northern Australia). There is not much to see in the malls of Singapore's Changi airport and there is even less on offer at Darwin where a few dead turtles and a stuffed crocodile are on display.

It is a relief to get to Cairns, the Queensland town on the edge of the Coral sea. But the giddy timetable means there is no chance to acclimatise before racing out to the Barrier Reef. Day trippers cannot wait for ideal weather, and in choppy conditions the ebow is ruined by churning stomachs.

Few journeys feel worse than lurching back to land in an unsteady boat when your mind is begging for breakfast, your stomach is rejecting lunch and your watch says it is supper time.

The Kewarra Beach resort, 20 miles outside Cairns, is a good place to recover. The cottage rooms (from £85 a night) are sited on the banks of a tropical lagoon behind an empty beach. However, I had only one morning to enjoy the setting before a rapid trek into the Atherton tablelands, home to one of Australia's few rainforests.

The incentives include the majestic cathedral fig trees which tower above the forest canopy and the chance sighting of a duckbill platypus or a tree kangaroo. The tablelands come into their own after dark when the possums scamper about. But the animals do not keep social hours and there is no point going to bed if you have to catch the dawn flight to Sydney.

Australia's largest city is imposing. Clapboard suburbs give way to skyscrapers as you ride in from the airport, and it is easy to get lost in the necklace of streets around the harbour. But hardened by Asia, most globetrotters are undaunted by "doing" Sydney in 24 hours. At a brisk pace, you can gaze at Darling harbour from the monorail (no time to get off), visit the aquarium, pick up some opals and snooze through a concert at the Opera House. The zoo is small and excellent. If you are staying on floor 31 of the Regent Hotel (A$270-A$400 per night) you do not need to visit the Sydney Tower for a panoramic view. You can snap away with your camera without leaving your room.

From there your viewfinder settles ou the harbour bridge and below it the Rocks, the quayside shopping area converted from Victorian tenements. The area around the Rocks was once full of bars serving Sheilas. Now it seems full of bars serving sushi. There are Japanese price tags on everything from bark paintings to musical koalas.

The international dateline is useful for globetrotters who value every day of their trip. Leaving Sydney on a Friday evening, for example, you arrive in the South Pacific proper on Friday morning and can enjoy the day over again.

But Tahiti, the most developed island in French Polynesia, does not lend itself to 48-hour stop-overs. Gaugin, the island's most famous tourist, spent a lifetime getting to know it, and Marlon Brando – who was reluctant to leave after filming *Mutiny on the Bounty* – bought his own atoll.

The archipelago is a haven for long-term holidaymakers; as a result, ivory-skinned visitors look uncomfortable among the bronzed sunbathers, some of whom use egg timers to tell them when they are done. The beach scenery is attractive but the fruit market in Papeete, the Tahitian capital, is better. The stalls are minded by fat ladies wearing garlands of sweet smelling flowers. Some of them, sweating slightly in the heat, polish their exotic fruit with perspiration from their brows.

The fruit comes from the family-run plantations in the interior whose smallholdings offer a view of Tahiti without tourism: sparsely-furnished cottages carpeted with palm leaves; exhausted dogs asleep under the stairs; and outbuildings brimming with produce.

But tourists rarely see this side of life. They restrict themselves to visiting the Gaugin museum or the botanical gardens before returning to hotels such as the Beachcomber (from £135 per night). One sure way of finding the best place to stay in places like Tahiti is to follow the air crew from the airport. Qantas, UTA and Air France all put their crews in the Beachcomber, which has freshly-swept beaches and first-class cuisine. The airlines also choose the Beachcomber because it is beside the airport. There is no need for an alarm call if you are catching a morning flight to LA. The jumbo will rattle your windows as it arrives.

Sadly, for most of the year Los Angeles is the only US city served direct from Tahiti, so round-the-world trippers invariably spend a couple of days in smogland. The richest travellers head for Beverly Hills and the Beverly Wilshire Hotel ($255 to $3,000 per night excluding 12 per cent tax), which describes its lobby as "suitable for grand entrances". Bored half-way to concussion by another eight-hour flight, tourists arriving from the South Pacific are not given to grand entrances and probably don't notice the restored chandelier and polished columns.

The bathrooms, however, are memorable. Paved in marble, they feature a tub big enough for two, a separate glass shower, a 13-channel TV and a telephone by the lavatory. According to the management, the hotel is "renowned for the celebrity of its guests". One of the bathrooms was used by Richard Greer and Julia Roberts in *Pretty Woman*. Sigourney Weaver lives there and it remains a favourite of Nancy Reagan.

Guests with an insatiable appetite for stardom can book a tour of the stars' homes from the front desk. But you may be disappointed. Most of the famous residents of Bel Air are dead. Their former homes are now owned by non-celebrities who are said to be peeved with the tour buses crawling past their driveways.

Film buffs can also get a taste of LA at the Carnegi Deli on Rodeo Drive, where the names of the stars have been immortalised as sandwiches. Merv Griffin, for example, is made of canned beef and pastrami, Rueben with sauerkraut and melted Swiss served open on pumpernickel. George Burns consists of smoked salmon and smoked whitefish salad on a bagel with lettuce, tomato, onion and cream cheese.

How to arrange your journey

NO single airline flies around the globe and world tours involve two or more carriers. The routing and restrictions offered by Australia's Qantas (London tel: 0345-747767) and British Airways (081-897-4000) are typical: you may travel only in one direction from your departure point but may make any number of stops. Fares range from £1,930 in economy to £3,342 in business class to £4,814 first class.

Inclusive packages can be arranged by companies such as Pacific Connection (0244-329551) and Kuoni Travel (0306-740888). Prices for the cheapest tour from London – 17 nights, stopping in LA, Hawaii, Bali and Singapore – start at £1,739.

Both companies also arrange tailor-made trips. Pacific Connection claims to offer the most flexible programme of round-the-world trips on the UK market. Example: 22 nights, London, San Francisco, Honolulu, Cairns, Sydney, Hong Kong and Bangkok, £2,563 per person. "Even the most complicated tours and quotes will be turned around within 48 hours," it says.

If you want to put together your own world air trip, companies like British Airways Leisure Traveller have brochures full of hotel deals. BA's Stopovers programme, for instance, features more than 200 hotels in 75 cities such as Paris from £41 per night, £31 in LA, £33 in Sydney, etc. (Brochures: 0533-461000).

A few, mostly American, agencies arrange world tours by Concorde. A typical supersonic schedule offered by Lorraine Travel of Miami (0101-305-642-1001) leaves New York for Acapulco, Honolulu, Papeete, Christchurch, Sydney, Denpasar (Bali), Mombasa, Cape Town, London and New York.

■ ***Tim Burt's* trip was arranged by Pacific Connection and Regent International Hotels (071-371-7999).**

The simple, bear necessities

Sarah Anderson goes trekking in eastern Siberia

RECENT BEAR activity around lake Baikal had alarmed our Russian hosts into giving us whistles and instructions to make as much noise as possible if we saw one of these creatures on our way round the lake. As a result, the desire to see a bear grew day by day among the 16 trekkers in our party.

We had come to lake Baikal, in eastern Siberia, as guests of the BAM (Baikal-Amur Mainline) railway, our aim being to walk around its little-frequented north-western corner.

Our trek started from Baikalskoye, an old village and now a fishing co-operative, where we sat quietly by the roadside, a Russian custom before starting a journey, and drank vodka from leaking paper cups – flicking some to the four corners of the earth and pouring some on the ground as a libation to the god of the lake, Burkhan.

Lake Baikal is the deepest fresh-water lake in the world. Roughly the size of Belgium, it is reckoned to contain 20 per cent of the world's fresh water. The pollution from pulp- and paper-mills and the hydro-electric plant on the Angara river do not yet effect the north-western side of the lake, where the water is still crystal clear.

Our Russian guide, Pasha Rasputin, led us through meadows with clumps of yellow potentillas to our first camp site on the edge of the *taiga*. *Taiga*, the most extensive of the vegetation zones and one of the mightiest features on earth, consists of virgin coniferous forest.

The soil is poor and often swampy and the growing season extremely short, but we were there in mid-summer and could pick at cowberries, blueberries, redcurrants and raspberries as we started each day's walk through the trackless *taiga*. Siberian larch dominate the forest, with an occasional birch grove; bergenia (elephant ear) covers the ground.

The walking was uphill through fairly dense forest: an odd kind of walking because you need to keep your eyes down to stop yourself stumbling over logs and branches. For the uninitiated there is not much to see, but you soon develop eyes and ears you didn't think you had. In addition there was Rasputin's sign language and the specialised botanical knowledge of one of our party. Flocks of nut-crackers, feeding on pine-cones from Russian cedars, flew overhead while curlews, duck, harriers, black woodpeckers and sea eagles were occasionally spotted.

After a couple of days' tramping the *taiga* we emerged on to the lakeshore and had our first encounter with the shingle that surrounds most of the lake in a 5-metre band. Walking on the shingle for a couple of hours is a bit like Japanese foot torture, though the few open bits of pasture were full of delphiniums, blue flax, gentian, buttercups and briar roses.

The days began to follow a pattern of *taiga* and shingle walking in the morning, a leisurely lunch, and then shingle and *taiga* walking in the afternoon. Once we had to cross the Korkula river in a bosun's chair. We often saw bear prints on the beach and once even a dead bear, but not the eagerly-anticipated live one. Often in the evening shafts of sun would explode through pink-tinged clouds: the remoteness of the place as we sat round the camp fire and listened to the lapping waves was powerful and elemental.

The food was erratic. Sometimes we had tinned *omul* and *yaz* (local fish), fresh tomatoes and weevil-filled apples, but we were often reduced to bits of rice floating in condensed milk for breakfast, lunch and supper. Always there was Aurora chocolate. Only once did we have delicious fresh trout barbecued on the fire.

The last day of camping was "free." But Rasputin and some of us decided to try and climb an unnamed peak, barely visible from the campsite. We set off at 7am and within two

hours had got to the top of what I had thought was our aim; but the real target, a distant blur in the clouds, was pointed out to me.

The going got tricky. We scrambled down, walking over the top of laterally-growing stone pines, before attempting the climb along a ridge to the summit. Although I had proved fit on the flat shingle, scrambling up slopes of slipping shale and scree was a different matter for a novice walker like myself who suffers vertigo. I soon dropped behind, although a companion and I finally made the summit (1,783m) at 5pm and found a cairn built by the rest of our group.

We started our descent by walking down a slope covered by yellow dwarf rhododendrons. Suddenly my companion yelled that he had seen a bear. My exhaustion forgotten, I ran round a corner and was thrilled to see a large brown bear loping along the road ahead. After about 20m it turned into the forest and sped through the trees, an extraordinary feat as this *taiga* was denser than any we had encountered.

As the light faded, we had to make about 10 river crossings. When it was completely dark we got out our torches and made slow progress before my companion's torch, with brand new batteries, failed. Then I dropped *my* torch into a river. Realising that it was too dangerous to move – there was no moon: it was pitch black – we found a relatively flat piece of ground, took off our soaking boots and prepared to spend the night.

The loud roar of the river drowned most of the night sounds. Even so, I was convinced that every slight movement was a bear. There are certain times when even the thought of a bear is not exciting. But we survived, and finished the remaining two hours of our journey at first light. We were told afterwards that fingers found in bear faeces were the only remains of three foresters who were the last known people to have spent the night in the forest.

■ ***Sarah Anderson's* trip was organised by Exodus Expeditions of 9 Weir Rd, London SW12 OLT, tel: 081-675-5550. Exodus has arranged two 18-day trips to lake Baikal this year (10 days trekking) via Moscow and Bratsk: departures July 14 and August 11, £1,290.**

TRAVEL BUSINESS

***BOOK NOW** or wait for possible discounts later? That is the gamble for UK holidaymakers now that the Gulf war is over and holiday sales have picked up strongly. Last Saturday saw many travel agents having their busiest day of the year – and most expect today to be busier.*

But the post-war euphoria cannot mask the fact that roughly 1m people who would normally book in the first two months of the year decided not to do so this year.

This puts tour operators in a quandary: will these people re-book or will they decide to forego their trip to the sun this year?

Operators have to decide very shortly just what demand will be this summer and confirm charter airline seats and hotel accommodations. Already big operators such as Thomson, Intasun and Falcon have reduced capacity in the early summer by about 20 per cent. But what about later?

What the operators decide to do directly affects when holidaymakers should book. In spite of the post-war sales surge, many in the travel trade are unsure how strong the recovery is.

This uncertainty was mirrored earlier this week by the leading multiple travel agents re-launching their discount offers: Lunn Poly, the largest chain, is now giving its biggest-ever level of discounts: up to £150 off more expensive holidays and £30 off a typical package deal.

If such moves do not achieve the operators' planned sales targets, they can be expected to cut capacity within weeks. This, they warn, could lead to e shortage of package holidays during the peak months of July and August.

As a result, those planning to go on holiday are probably best advised to book now if they want to be certain of their first-choice destination. But there is an added uncertainty this year.

If the government calls a June election, many Britons will probably decide to stay at home during the campaign. As a result, travel companies could be left with unsold airline seats that they will be forced to discount heavily.

David Churchill

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FOOD & WINE

What you pay for exclusiveness

Nicholas Lander is disappointed after dining at The Connaught

TWO OF London's most exclusive dining rooms, the Grill and its big sister, the Restaurant, of the Connaught Hotel, are open even without a reservation, such has been the combined impact of the recession and the Gulf war on tourism. When I had lunch in the Grill just four of 11 tables were occupied.

The two establishments charge high prices – but are they justified in doing this during such difficult circumstances, delightful though both rooms are?

The Connaught has maintained its pole position among London hotels partly because of its friendly size, partly because of its old world charm and partly because it appeals to a wide variety of customers. The lobby is inviting and comfortable, the Grill small and intimate, and the Restaurant larger and resplendent with polished wooden panelling.

So too with the food. The Connaught's head chef is Michel Bourdin, *Maitre Cuisinier de France* and president of the British branch of the *Academie Culinaire*. A traditionalist, successor to the great French chefs who ruled the kitchens of London hotels before 1939, Bourdin can offer the French classical culinary repertoire in its entirety and also ensure that his food is served from copper pans and dishes that most chefs only dream about.

Conversely, many think of the Connaught as *the* place to eat traditional British food. Relatively simple dishes such as mixed grill, Irish stew or Dover sole, naturally followed by bread and butter pudding or rice pudding sit comfortably on the large menu next to *Petite Marmite, Tronçon de Turbot Roti au Four, sauce Nantaise* and *Blanc de Barbue Soufflé Tout Paris*. Finally, as though to herald 1992, when barriers are supposed to come down all over Europe, the whole performance is carried out by a predominantly Italian waiting staff.

Unfortunately, these intriguing constituent parts did not add up to an entirely satisfying whole and certainly not one that justified a bill of £150 at a lunch for two. This disappointment may have something to do with the Connaught's parent company's policy towards the recession.

The Connaught is part of the Savoy Group which has, along with a number of other top hoteliers, decided that it will not lower prices to stimulate demand but rather broaden its marketing approach in an attempt to fill tables and bedrooms.

This, I can only assume, is the reason why, when the kitchen was so obviously under-worked, there was nothing extra to make our meal memorable. There were no *amuses-gueules* to whet our palates or *petits fours* with the coffee. The bread on offer was very disappointing, particularly for an hotel which prides itself on its breakfast; a sparse offering of four small rolls, two brown and two white, which the commis waiter decided to serve with his hands.

One reason my bill was so high was that I chose the poached turbot with a mousseline sauce (a hollandaise with stiffly whipped cream). Turbot is my favourite fish but the price also intrigued me – £30.40 for a main course? What could be done to the fish which would justify a price five times higher than its wholesale price on the London fish market that morning and the same price as an entire meal in many a worthy French or British restaurant?

The answer was that it could not. The fish cooked satisfactorily, its sauce was competent, but for me the highlight was being shown the beautiful silver *turbotière* in which it had been cooked. But there was no magic. Other aspects of the meal were equally lacklustre. The salad that came with a first course of very good foie gras and truffles was uninspiring to look at and to eat; just little mounds of very ordinary vegetables, the vinaigrette on offer commonplace. The bread and butter pudding, although crisp on the top, had just egg custard inside, the rice pudding was mushy, while the apricots I was encouraged to have with it were watery.

Nor can one wax lyrical about the wine list. There are some venerable bottles, predominantly claret, at venerable prices, and some useful halves, particularly of white Burgundy. But there are a number of wines well past their best still on offer – as though the list has not been under scrutiny for some time. The glassware is a positive hindrance to enjoyment and certainly not the best.

I have a very soft spot for the Connaught – I spent my wedding night there – and I am the last person to advocate change for change's sake. But it may be that the recession and lack of tourists are not the only reasons for empty tables – the present poor value for money is a more telling factor.

The menu is very large, and the range on offer must affect costs; it is delightful to have the slip on your table replaced after the main course, and the menu dated, but is this always necessary? The prices on the menu seem almost meaningfully odd. Why *Oeuf en Gelee Stendhal* at £7.05? Why should chocolate mousse be £5.05 and sorbets £5.10? Or why should there be a rather avaricious minimum charge of £25 but no set lunch at that price? Why, when the kitchen is not under any pressure, do the equally under-worked waiting staff not try to tempt you at the beginning of a meal to order a dessert, such as a *soufflé*, that would really test their colleagues behind the swing door?

The answer may be that until now these questions have not had to be answered. I do hope that the Connaught will become more customer conscious even if it does mean that I have to book three weeks in advance for a memorable meal.

My fear is that if some changes are not wrought, the only future customers able to afford the Connaught will those businessmen who have prospered through the recession by taking harsh financial decisions. And they may be among the first to baulk at these prices.

■ *The Connaught, Carlos Place, London W1Y 6AL. Tel: 071-499-7070.*

Cookery

A meal with guest appeal

Philippa Davenport transforms her family dinner menu

THE FRIDAY night menu I had planned was very simple. Crudités to start with, fish pie to follow and a sharp lemon mousse to finish. Then a quartet of friends were invited to join us for dinner.

I could have served them the menu just as I had mantally shopped and cooked it for the family but it is hard to quash the instinct to put on some vestige of a party face when others are present.

I was not ashamed of my original choice, I harboured no desire to rethink the menu from scratch in the hope of winning rounds of applause – I have always believed in cooking to please, not to impress. But I am always happy to have the excuse to uncork a bottle of wine a fraction more celebratory than our basic everyday plonk, and just as I enjoy dressing myself with a little more care when friends come to visit us, so it seems proper to grace the menu with a few flattering finishing touches.

I made one dramatic *volte face*. I scrapped the crudités in favour of seakale. I am pleased that selected branches of Waitrose are selling this lovely vegetable, the season is so brief and I am so eager to share it with others that I snatch at any opportunity to rush out and buy some. It was as much for myself as for my guests that I wanted to indulge in it. It makes such an elegant and, alas, expensive antidote to the down to earth fortnight or so I have spent pursuing potato recipes recently.

As seakale has been largely forgotten in recent years except by its most ardent fans and knowing cook-gardeners, perhaps I should describe it. Like forced rhubarb and celery, but smaller, its long, ridged stalks are the product of blanching. Grown in the dark, it shoots up fast, the leggy and tender ivory stalks capped with small yellow tufts of leaves fringed with purple.

As in the case of celery, the leaves as well as stalks can ba eaten. The taste is juicy, crisp yet tender and faintly nutty with the merest whiff of brassica (as faint as the sound of the sea when you put a shell to your ear) to denote its wild kale ancestors.

Wash it, trim the gritty little feet before cooking and scrape away strings if needs be. Seakale can be boiled or steamed. I steam it, lying it flat in a very large steamer basket. Young stems probably take 10 minutes or so but I never judge vegetables by the clock or by prodding with a fork. Taking a test nibble every now and then is a more reliable guide to readiness, I find. Besides, a cook's labours deserve the occasional compensatory perk.

When it is cooked to your liking, blot seakale dry and serve it with panache, for it is to winter what asparagus is to summer: the king of vegetables. Sauce it, just like asparagus, with Hollandaise or vinaigrette, or best of all with melted butter and a dusting of freshly grated Parmesan, and offer plenty of good bread for mopping up.

I stuck to the original main course dish of fish pie much as planned – cod with a handful of prawns in a bechamel sauce seasoned with crushed fennel seeds and generously freckled with parsley. I considered but resisted the idea of replacing the cod with a mixture of monkfish and scallops. That would have been gratuitous extravagance. Very fresh cod is very good indeed and now is a good season for it.

Instead, I simply increased the ratio of prawns to cod (the original ladylike handful of shellfish became a manly fistful), and I made the sauce not with milk but with a mixture of fish stock, wine and cream. I also abandoned the nursery topping of mashed potato in favour of finishing the pie with puff pastry – not as a lid but in the form of a shoal of little fish.

I made a small fishy template as simple as a child's drawing of a fish, cut out several dozen pastry replicas, drew eyes and scales on them with the tip of a sharp knifa, brushed them with salty egg wash and baked them in the usual way. They looked so charming when puffed up and gilded that I served the cod and prawn mixture not in a pie dish but on a platter with the pastry fish ranged round it. Lapping the shoreline with their noses pointing inwards they looked as though they were waiting to swim into the sea of sauce.

As for the lemon mousse, I gave this old favourite a modern twist by employing the restaurateur's trick of offering plate service. Using a pair of spoons dipped in warm water I scooped up dollops of the mousse and fashioned them into plump quennelle-shaped cushions. Two or three of them on each plate, simply decorated with fresh lemon-scented sweet geranium leaves and a couple of crisp little biscuits, looked pretty and appetising.

I could have garnished them instead with a dusting of chopped green pistachio and slices of lemon or a sparkle of finely diced fresh lemon jelly. (All jallies whether fresh and fruity, fishy aspic or meaty consomme set quickest and are easiest to chop into shimmering dice if you make them in a shallow baking tray.)

I have made a note to try cushions of coffee mousse drizzled with spun sugar caramel, and dark chocolate mousse powdered with a snowy sifting of icing sugar set in a moat of cream. And fresh raspberry and blackcurrant mousses in summer with sprays of sugar-encrusted fruit beside them.

Any smooth and softly set mixture can be shaped with spoons in this way, meat and fish pâtés and mousses as well as sweet ones. It is fun and ridiculously easy to do and costs nothing. Essentially an adult version of making mud pies, it is a game one could get booked on playing.

Wine

Palmer rates an upgrading

CHATEAU PALMER, named after one of Wellington's generals, is one of the most esteemed estates in the Médoc. Although the general went bankrupt in the 1840s without building a château – a task carried out in 1856 by the new owners, the Pereire banking family – he had sufficiently enhanced its reputation to have it placed in the third class in the 1855 classification. Now it would certainly be upgraded to among those seconds with first-growth aspirations.

This can be shown by typical opening prices in the UK for the 1988 and 1989 vintages. At £182 in bond for the former it was higher than Cos d'Estournel (£145) and Pichon-Lalande (£168) and the same price as Ducru-Beaucaillou; and for the latter it had risen to £260, compared with £248 for Ducru-Beaucaillou and £265 for Pichon-Lalande. At auction it always sells well up among the seconds.

Although much of Palmer's nearly 40 ha adjoins Ch Margaux it is narrowly in Cantenac, whose wines are generally rather more full-bodied than in Margaux. But Palmer's character is partly determined by the unusually high proportion of Merlot in its vineyard – 40 per cent, compared with only 20 per cent in the much larger Ch Margaux vineyard.

Partly perhaps because of its name, Palmer has always had a good following in Britain, but its international reputation was spread, if not actually created, by its outstanding 1961. This now sells st auction for at least the same price as the first-growths (ie £2,250-£2,500 a dozen).

Since 1938 Palmer has been owned by the Sichels, the Bordeaux-Dutch firm of Mähle-Besse, and the Maisailhe family, some of whom own Pichon-Lalande and Siran.

Last sutumn Peter Sichel, tha largest shareholder who now virtually runs the property, organised in its *chai* a vertical tasting of vintages back from 1989 to 1980, and was kind enough also to include for me the 1979 and 1978. To these are added notes on a further eight vintages from bottles all opened within the last three months, and including the outstanding 1966 and 1961.

1989. After the hottest summer since 1947 and 1949, the vintage was tha earliest since 1893. Huge colour, rich toffee-caramel nose, with high strength, a great deal of body and fruit. An ample, generous wine to be opened when ten years old and onwards.

1988. Following a dry but not hot summer with average temperatures, the vintage began at the *beginning* of October. Tasted after recent bottling, it was very closed and astringent; hard to evaluate, as currently it lacked warmth of flavour in the middle, but showed quality. Typical of Palmer and its *terroir*, and probably will turn out a classic wine, if the tannin develops well. To be opened after the 1989.

1987. Possibly the worst claret vintage of the decade, as it has less body than the 1984. Nevertheless it had fair colour, nice nose and the flavour started fruity but ended grassy and thin. Agreeable to drink now and for a year or two.

1986. After a very dry summer violent storms occurred in September but were followed by a completely dry vintage. The yield was large, particularly of Merlot, maybe too large so... a Cabernet-Sauvignon year. Excellent colour, closed nose, but more developed than many '86s. Non-aggressive. Begin drinking at the end of the decade.

1985. After a very damaging January frost and cold winter the summer was dry but not as hot as it might have been for the large crop of Cabernet-Sauvignon; but a very fine Merlot year. Similar deep colour to the 1986, but with greater concentration and fruit on the nose, and elegant flavour. A Margaux-style wine. Should be good drinking by 1995.

1984. A late, mid-October vintage for many châteaux after a poor vine flowering and an irregular summer. Light colour, unripe, nnfruity aroma, and an artificially-sweetened taste, no doubt owing to necessary chaptalisation. Drink now and a few years hence, in the hope it may soften.

1983. The summer was very hot, stormy in August which caused rot, but was succeeded by torrid weather for the vintage, and just right for Margaux. Very good colour, elagant, concentrated nose, some tannin on the palate and good flavour, but less to it than in 1985. Exceptionally, Palmer is thought to have been more successful in 1983 than in 1982.

1982. More colour than '83, rather dull bouquet, edgy flavour; a clumsy wine now. Currently not so attractive as many 1982s.

1981. A hot summer was spoiled by vary wet weather from September 21 to October 15, when many leading châteaux started after delayed picking of their grapes, which were diluted. Good colour, fine nose and more body than '80, but lacks concentration, and ready for drinking now.

1980. A mediocra snmmar resulted in a small crop and an October vintage. Light colour, elegant Margaux nose and flavour, but light. Better than expected; charming drinking now.

1979. A mediocre summer after an excellent vine flowering that resulted in a very large crop. Good colour, soft nose, elegant, but lacking in size, and a little short. Easy, agreeable drinking now.

1978. An unusually good vintage after poor flowering and summer until mid-August when conditions changed greatly, with the lowest rainfall since 1961, but a vintage well into October. Good colour for

age. Big, fruity nose but still tannic. Full-bodied, lots of fruit, but needs time yet to show its best. A real Médoc.

1976. Not a great deal of colour, less bouquet than axpected and rather thin flavour, with hard end. Never one of the better wines of a vintage marred by rain. Losing fruit and to be drunk.

1975. Deep colour, distinguished nose, but still withdrawn. Some fruit, but obscured by tannin. Will the fruit survive the tannin? A controversial vintage. Some believe that it will still develop slowly over the years, and become fine if somewhat lean claret; others think it is too acid and will never come round. Worth keeping a few bottles to see. Alternatively sell at auction, where it fetches about £300 a case, less 15 per cent commission.

1971. More depth of colour than expected for age and year. Discreet but classy bouquet, but lacks fruit and fullness on palate; short in middle and bitter at end. Never a very attractive wine.

1970. Exceptionally deep colour for 20-year-old claret. Pronounced *cassis* bouquet. Strong, fruity flavour, but still tannic at end. Fruitier than many '70 classed-growths, and should develop in the coming years. Worth keeping to see.

1967. Better than expected of this generally disappointing vintage in the Médoc. Good colour, real mature-claret bouquet. Not very round now, and to be drunk without delay.

1966. Drunk in November last year, it had surprisingly good colour for its 24 years, with lovely fine Margaux nose. Fruity, well-balanced flavour, with plenty behind it. Certainly one of the best 1966s.

1962. This vintage was obviously over-shadowed by the 1961 but the colour is surprisingly good for a nearly 30-year-old wine. Elegant bouquet, and taste starts well, but ends acid. Drink up.

1961. Drunk last December. Lovely clear colour, wall-flower bouquet, rich, spicy taste, classic Cabernet-Ssnvignon, long in flavour, perfect balance. As good or better than other Médoc first-growths, save, perhaps, its neighbour, Ch Margaux. To be drunk while so good.

Edmund Penning-Rowsell

Food for Thought

Such posers those pigs

I WAS reminded, recently, in more senses than one, of Evelyn Waugh's novel *Vile Bodies* as I travelled to Loch Lomond on an antique train.

The journey, through stunning countryside, was a public relations exercise on behalf of that nobla beast, the Scottish pig. As the train left Glasgow I was regaled with a short video presentation. Its most memorable image was that of two bonnie farmers herding a troop of very lean Large Whites into a pen, each man equipped with an outsized drawing board. These Large Whites are the heroes of the Scottish Pig Industry Initiative, Scotland's latest meat venture.

The pigs struck various poses: chomping away happily on clean straw; foraging contentedly in a field (these were hairier beasts – possibly American Durocs) and finally chopped into various pieces and branded with that cross on which poor Saint Andrew had to endure his last hours in of torment.

In an orgy of mixed metaphors I learned that these new pigs would be reared according to a process "unique in Europe" whereby they would receive a last meal and a few moments to reflect (no cigarette?) before being ushered into the abattoir. My mind travelled back to Austria, where I have spent a month of this year: hadn't someone spoken about *glückliche Schweine?* – "happy pigs" that were allowed a last meal and a few moments to reflect before...

Still, I did not disapprove of the scheme: It seemed to me that the beastly post-war battery experiment was reaching the end of its natural life. Stipulations about diet also meant that pigs would no longer be fed sheep carrion: an obscene practice which was banned for cattle after the "mad cow" scare last year.

On the train I was also told of a "niche marketing" project which was to follow in the summer: like the Durocs in the film, the pigs would finally be allowed into the fields. Next we might allow them to eat acorns and windfall apples which would make pork taste as good as I'm told it used to be.

One thing which worried me was the excessive trimness of the pigs. Could it be that because of consumer fears about cholesterol that pigs were being bred without flavour-giving fat?

An inspector from the Meat and Livestock Commission put my mind at rest: breeders had already learned from that mistake and were now anxious to achieve a greater marbling of fat to the flesh to give a better flavour from relatively unsaturated fats.

So far the project has attracted a third of Scotland's pig breeders, although we were given no figures for the rather more expensive project for releasing the pigs into the fields. Meanwhile, we had reached Arrothar, where we were asked to leave the train. I hoped to be introduced to a few happy pigs, but no such vile bodies were in evidence; only a particularly unromantic coach back to Glasgow airport.

Giles MacDonogh

Appetisers

Welsh Paradise

WELSH BUTCHERS are hoping that the intrinsic quality of their spring lamb will give their trade, still suffering from the aftermath of Chernobyl and reduced demand from hotels and restaurants, a much-needed boost.

Prices for Easter are not yet firm – an expert's guess was £2.50 per lb for legs of spring lamb – but the six finalists in this year's Welsh Lamb Catering Bntcher Awards are all keen to send their best to hungry customers in the UK.

They are: H.J.Edwards of Abergavenny (tel: 0873-3110); W. and J. George Ltd, Talgarth (0874-711233); Jack Battye and Son of Pwllheli (0758-612136); Welsh Quality Meats of Dyfed (0646-601816); R.L.Jones and Son, Colwyn Bay (0492-532461); and the eventual winners, Welsh Brothers of Cardiff (0222-482226), who report great success with their Welsh Lamb Paradise loin cutlets – a boned loin of lamb, stuffed with minced lamb, chopped apple and mint.

For lovers of organic lamb Bill Reynolds of Swaddles Green Farm in Somerset (046-034387) is now offering a personal delivery service. The service he now operates to homes in the Bristol area on Saturdays has proved so successful thet he wants to start the same in London on Tuesdays and would like to hear from any interested customers.

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CATERING in museums and art galleries has improved dramatically, thanks to the efforts of such individuals as Prue Leith, Michael Milburn and Justin de Blank, among others.

North of the Border, Ian and Helen Ruthven, owners of the Waterfront restaurant in Leith and the Gallery Cafe at the Gallery of Modern Art have just opened the Queen Street Cafe in the Scottish National Portrait Gallery in Queen Street, Edinburgh. The cafe serves morning coffee, a range of salads and hot lunches and afternoon teas and is open Monday to Saturday 10.30am - 4.30pm, Sunday 2-4.30pm.

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GILBERT'S in Exhibition Road, London, SW7 (071-589-8947) continues to offer extremely good value and reliable cooking as a recent three-course dinner for £21.50 revealed.

Now, in association with La Vigneronne, one of London's most eclectic wine merchants, they are holding a series of wine dinners. The next one on Friday, April 19, will be a white Bordeaux dinner with, among other wines, Château Laville Haut Brion 1982 and 1979 and Château Rieussec 1961. Tickets £59 per person.

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ANY restaurant playing to full houses must be doing many things well but one doing so in today's circumstances will be offering not only a good deal to its diners but also an object lesson to its competitors.

At the Capital Hotel, Basil Street, London, SW3 (071-589-5171) last week every table was taken. There are two very good value menus on offer, at £18.50 and £21.50, but behind the scenes pencils have been sharpened to such good effect thet these prices include many items thet would be extras elsewhere – mineral water, coffee and prompt service.

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FINALLY, a further note to my piece on West Country eating last week: Right in the heart of Bristol's financial district, in a basement that used to be the safety deposit vault for the bank above, is Markwicks, 43 Corn Street, tel: 0272-262658.

Judy and Stephen Markwick have gone to great lengths to retain the building's charm and to enhance it, bringing back striking chandeliers and table lamps dripping with grapes that they spotted in Venice and acknowledge are a nightmare to clean.

They go to the same lengths with the food and wine. The good value lunch, £14.50 for three courses, included well-made bread, a generous tureen of mussel soup, a creamy leek tart and home made charcuterie thoughtfully served with their own spiced onions, and finished with a memorable walnut and treacle tart.

N.L.

Bonfire of the literati

Anthony Curtis fires a few rockets back at Kingsley Amis

Dear Kingsley

You must, I imagine, be delighted by the furore caused by the appearance of your *Memoirs*. I see that some of my colleagues haven't even waited for the publication date before having a go at them. Did you calculate on such an instant brouhaha? Ever since *Lucky Jim* in 1954 you haven't exactly shunned controversy, have you? "They are s-s-s-scum!" I seem to remember Maugham stuttering, of *Jim Dixon* and his set. Then there was *I Like It Here* in 1958, "a xenophobic and slight novel set in Portugal ..." – I'm quoting from Maggie Drabble's *Oxford Companion to Eng.Lit.* (new edition 1985). The volume goes on to say, companionably, that your novel "displays Amis's deliberate cultivation, for comic effect, of a prejudiced and Philistine pose which was to harden into an increasingly conservative and hostile view of contemporary life and manners." Who wrote that, for Heaven's sake!

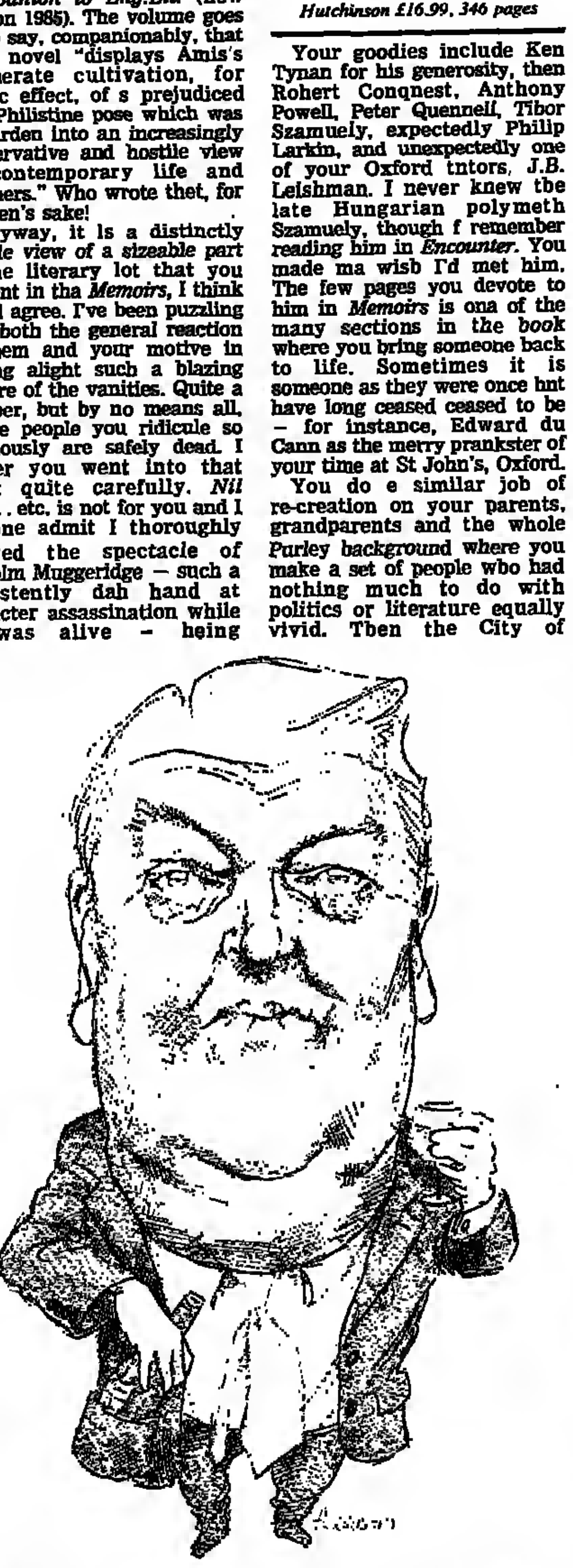
Anyway, it is a distinctly hostile view of a *sizeable* part of the literary lot that you present in the *Memoirs*, I think you'll agree. I've been puzzling over both the general reaction to them and your motive in setting alight such a blazing bonfire of the vanities. Quite a number, but by no means all, of the people you ridicule so hilariously are safely dead. I gather you went into that point quite carefully. *Nil nisi* ... etc. is not for you and I for one admit I thoroughly enjoyed the spectacle of Malcolm Muggeridge – such a consistently dab hand at character assassination while he was alive – being attempt to cadge a drink off you, *doubled up* in pain as they made their ignominious way back to the pavilion, was horrible.

I was fascinated by the people you seemed to approve of still, and it did cross my mind that by citing a few choice episodes out of the memory-bank they, too, with no trouble at all, could be made to appear just as big a lot of shits as your baddies. There was, for example, a dinner-party I attended a few years ago where one of them ... but I'd better not go on.

MEMOIRS
by Kingsley Amis
Hutchinson £16.99, 346 pages

Your goodies include Ken Tynan for his generosity, then Robert Conquest, Anthony Powell, Peter Quennell, Tibor Szamuely, expectedly Philip Larkin, and unexpectedly one of your Oxford tutors, J.B. Leishman. I never knew the late Hungarian polymath Szamuely, though I remember reading him in *Encounter*. You made me wish I'd met him. The few pages you devote to him in *Memoirs* is one of the many sections in the book where you bring someone back to life. Sometimes it is someone as they were once but have long ceased ceased to be – for instance, Edward du Cann as the merry prankster of your time at St John's, Oxford.

You do a similar job of re-creation on your parents, grandparents and the whole Purley background where you make a set of people who had nothing much to do with politics or literature equally vivid. Then the City of



posthumously hoist with his own petard. I did, though, from what I remember of her, find the behaviour of the lady you mention in the bedroom scene quite out of character. In my book she would have been vehemently expounding her views on the likes of Merlau-Ponty or Jacques Monod while continuing to drink both you and Muggeridge under the table. But perhaps you found a way round all that?

Are you, I wondered, trying to revive a tradition of vituperation that has been dormant for a decade or two? Scurrilous attacks on established reputations have enlivened our placid, if not torpid, English cultural scene in the past; those denigrated thus have survived them. In the 1940s there was Grigson continually pitching into the Sitwells, and also harrying Day Lewis every time he brought out a new book of poems, remember? And Leavis, whom you mention *en passant* during your brief Cambridge sojourn at Peterhouse, fulminating at Bloomsbury in *Scrutiny* – it doesn't seem to have done them much harm, does it? – and, later, pulling the plug on C P Snow. But in these instances the attack was on the work, on the reputation, and *only* indirectly on the private self.

You've slightly changed the rules, haven't you Kingers, to admit "bouncers" which are aimed not at the wicket but at injuring the other player *and taking him out altogether?* The thought of some of your living victims, guilty of nothing more heinous than an ill-considered remark in their cups, or of an ill-advised London School, followed by the army – I see you had a toughish war as a junior officer in the Signals Corps – and post-war Oxford where you and I coincided for a term or two.

I was conscious of you as a rather remote presence. By then – demob days in 1948 – you were married and had moved with your wife and young family out to a cottage in Eynsham. How you seem to have hated the Eng. Lit course! And why was Prof. Tolkien so "repulsive" to you? I should have thought there would have been much about him, such as his insularity, for instance, you would have liked. "English was dealing with abstract ideas when French was still a vulgar Norman patois," I remember him declaring. Asides like that are pure Amis.

But for all its contradictions and blatant unfairnesses, the book often had me laughing aloud, I must admit. As you never go to the theatre you will not be offended when I say that in literary terms it was reminiscent of those formidable performances on stage of Dame Edna or Frankie Howerd. But I must still still confess to being baffled by it. I mean baffled by why you *needed* to write it. If I can penetrate the merry throng *that* always encircles you in our favourite lunchtime venue I'd like to take you up on several more things I can't go into now. In depth. Liquid depth. Which I'll provide, I hasten to add.

Yours ever
Tony

"Self Portrait 1974" by Robert Mapplethorpe. Robert Mapplethorpe's photograhps, with their controversial, often sexually explicit imagery, have fuelled an intense debate in the US about "obscenity" and the public funding of the arts. Secker and Warburg have issued a paperback edition of the Mapplethorpe photographs that were shown in the 1988 exhibition at the Whitney Museum, New York which touched off the still-running controversy. *(Photographs by Robert Mapplethorpe, 203 illustrations, 216 pages, £20).*

Gay persuasions down the ages

AT GAY conferences and community centres around the world (or so I read) it is the lectures on gay history, and the slides that go with them, that really pull in the audiences even among those not normally interested in historical studies.

"Gay", as everybody must know by now, is a modern word for "homosexual", which itself is a relatively recent term. The late T C Worsley, a longstanding critic in the *Financial Times*, noted in his autobiography *Flannelled Fool* that he did not know precisely what "homosexual" meant even after being educated at Cambridge.

The word first appeared in print in a couple of anonymous pamphlets published in Leipzig in 1869. Previously the nearest you could get to a neutral term was "sexual inversion". The neologism is a mingling of Greek and Latin stock, like the words for some more technical modern inventions such as the automobile and television.

In the more distant past, male homosexuals tended to appropriate the slang words originally used for female prostitutes: for examples, queen, punk, faggot, fairy and fruit. "Gay" came from the same stable.

The terms lesbian and lesbianism have earlier origins which have been traced to the occasional usage in the 16th century. They did not catch on largely because the old world was a much more male-oriented society and did not usually notice that women could have sexual relations with women, and men were not much interested if they did. Dante found all sorts of sinners in his journey through Hell and Purgatory, but there is no mention of female sodomites.

In 17th century China, what we now call male homosexuality was known as *nanfeng*, which translates as "the southern persuasion", rather as the 17th century English persuaded themselves that

HIDDEN FROM HISTORY: RECLAIMING THE GAY AND LESBIAN PAST
Edited by Martin Bauml Duberman, Martha Vicinus and George Chauncey Jr
Penguin £8.99, 579 pages

homosexuality had been imported from Italy.

Around the year 1700 there may have been a sea-change in sexual behaviour in Europe's major cities, notably London, Paris and Amsterdam. Adult male homosexuals began to establish themselves in their own right as seeking exclusively adult male sexual partners. Previously they had fiddled with the boys and played with the women as well, just like the ancient Greeks. Love between males could be platonic.

That outbreak of male independence may have had something to do with the growing equality between the sexes. By the end of the 17th century, for instance, women had replaced boys in playing female parts on the stage.

One could go on with this show of esoteric information. Better to admit that it is nearly all cribbed from a new book published by Penguin. *Hidden from History*, subtitled *Reclaiming the Gay and Lesbian Past*, is a group of historical essays, with remarkably well-documented references, on homosexuality throughout the ages. This is minority history, but it is a useful part of the whole.

Sexual inversion, or whatever you choose to call it, has been always with us in all societies. The differences today are twofold. One is that a number of societies have gradually become more tolerant, at least at the level of legislation. The other is that while homosexual *behaviour* may be a phenomenon of all time, there is now an attempt to establish homosexual *identity* or *consciousness* almost as a political movement.

The book has the weaknesses, which the essayists acknowledge, of much social history. Not enough is known about the lower classes because they were too inarticulate to keep records of their own, and not enough is known about women, only a minority of whom were educated. Also, many of the sources about homosexuality are biased: either (the majority) blatantly against or (the minority) ostentatiously in favour.

It is a peculiarly English vice to assume that homosexuality tends to be the prerogative of the upper classes. This book disproves it and provides a great many sideshows besides. It is bold of Penguin to publish it. Only one warning: gay militants, like militants in other forms, are not always the best advocates of tolerance.

Malcolm Rutherford

In search of the real Vietnam

OF ALL the millions of words written about Vietnam over the years one paragraph has always stuck in my mind from an article written in 1973 when American ground troops finally left the country. It reads: "At last the great khaki wave has trickled away. The uncouth, hairy horde, so loud, so short on dignity, has vanished like another age. Lilliput – the small beautiful, mercurial world of Vietnam – has re-emerged. Poorer, grubbier, but too old to be deeply changed."

These words were written by Gavin Young in *The Observer*. Justin Wintle's book is a magnified echo of these sentiments. Sated like so many on a seemingly endless diet of Hollywood films and TV series which examined the trauma and agony for Americans of the US involvement in Vietnam, he set out to discover whether there was a gentler Vietnam beneath the conventional Vietnam-at-war image; a more Vietnamese Vietnam which, beneath the smothering presence of the American Gulliver, would be as beguiling and as exotic as other Asian countries he had come to know.

Romancing Vietnam is an engaging, funny, often very funny, account of the difficulties of getting at this quicksilver world when, from the word go, you are stitched up in bureaucratic red tape by an army of interpreters, drivers, party cadres and central committee members. Wintle trundles along the length of the country in clapped-out cars along pot-holed roads, staying in fly-blown hotels with Messrs Zoom, Truc, Nam and Sau Dang, the coterie of minders who become his friends.

He catches glimpses of the physical loveliness of the country despite the bomb craters and other evidence of destruction. He visits the hill town of *Dalat*, with its forests and its miscegenation of architectural styles, where you used to be able to drink rice wine from vats with Montagnard tribesmen and emerge black from the charcoal burning; he sees the plantations – everything from cotton, bananas, rubber – on the plateau between Dalat and Saigon which, as he says, speak of a fertility which explains why the French were so reluctant to release their arthritic grasp on Indo-China. He is taken to the run-down but charming seaside resorts of Nha Trang and Vung Tan, the green and silver patchwork of the Mekong Delta rice fields. He drinks deeply of the indestructible street life of Saigon.

He also, perforce, does some war tourism. He talks a lot about missing Americans and whether any remain alive and, if not, where their graves may be. He visits My Lai and Bien Hoa, scenes of notorious massacres, and goes down the caves of Cu Chi. He meets old revolutionaries like General Giap and Le Duc Tho. More than thirty years of war have left Vietnam a land polluted by chemical waste. It is going to take a long time to erase the stains.

But it is when Wintle manages to give his minders the

ROMANCING VIETNAM: INSIDE THE BOAT COUNTRY
by Justin Wintle
Viking £16.99, 448 pages

slip, or wins them over to collaborate with him in meeting ordinary Vietnamese in the villages and the streets, that he gets close to his goal. People try to diddle him constantly. They are very poor. But everything is conducted in a spirit of shabby friendliness. After all that has happened to them – the French, the Japanese, the French again, and then the Americans and the Chinese – they do not seem to have become bitter or xenophobic. Despite great hardship and shortages of almost everything they remain hospitable, humorous, quick witted and physically beautiful. They might look like fragile stick figures but collectively they have never snapped, only bent. This indomitable will should see them through the paucity of peace as it did through the decades of war.

The sadness is that, as in nearby Burma, the people have been locked into a time-warped poverty trap by an outdated ideology. Marxist Leninism may have been necessary to win the revolution but it has not been capable of delivering the prosperity of peace. As with China, the old revolutionaries have lived too long and are exhausted. Vietnam has its version of glasnost in its Doi Moi, but it is half-hearted and not accompanied by political reforms. When a new generation finally gets its head, Vietnam could turn out another Taiwan or Korea, or at least another Thailand.

Few writers or journalists fail to fall in love with Vietnam and its formidable people. Justin Wintle is no exception.

Stewart Dalby

Fiction

A dip into the surreal

LONDON: THERE is no other great city in the world where one is so aware of the primeval earth beneath and the histories that lurk just below the consciousness. There are days when a veil lifts, the imagination kicks, and one seems, as it were, suspended in multiple layers of time. It is this intuition of place and histories which drives Iain Sinclair's extraordinary, impetuous, sometimes baffling novel (novel?): a pyrotechnic display of what he calls "compulsive associationism", meandering *inconclusive narratives* and brilliant poetic dissection of the squalor, greed, criminality and madness of both super- and sub-structure of London today.

It is not an easy book: in theory it is a series of connected narratives about areas east of Whitechapel, but it soon becomes obvious that this is also some other trip altogether. Sinclair's wild imagination and hard hitting way with the surreal lead him astray on the narrative front: episodes start, then get swamped as he pounds off in other directions: historical tit-bits, surreal imaginings, bitter rages at dereliction and property developers' tat, some truly comic side-swipes at media Britain. You just have to jump in head first and swim with the tide.

There is a witch in everyone's childhood. Alice Hoffman brings the witch to centre stage: in the peaceful new suburban enclave in Long Island, where potatoes from an old farm still force their way up through the neat new lawns, Nora Silk, with her vivid make-up, her lack of housewifely skills, her mind-reading child and her ringless finger jolts her suspicious, mind-locked neighbours into a deeper sense of their own lives, by a combination of sex and

DOWNDRIVER
by Iain Sinclair
Paladin Grafton Books £14.99, 408 pages

SEVENTH HEAVEN
by Alice Hoffman
Virago £12.99, 256 pages

HAPPENSTANCE
by Carol Shields
Fourth Estate £13.99, 390 pages

sensibility.

Nora Silk is a bringer of and to life. She hits the new Long Island suburb in the summer of 1959 with her fatherless kids and her Elvis records: men long for her, women are deeply suspicious.

Gradually she unlocks the best in everyone around her, and becomes a kind of zany, iridescent earth mother for children and adults alike. Honesty and imagination work for her: her neighbours see their way to new beginnings, the neat lawns hide good magic. All this sounds precious, a bit too American-as-apple pie: in Hoffman's alert and wisecracking style, it isn't. Like Carol Shields, this writer can cut through to the true magic and the true grit beneath.

Happenstance is two novellas printed back to back: it doesn't matter whether you read "The Wife's Story" (Brenda's trip to a Crafts Fair in Philadelphia, almost her first parting from her husband in 25 years of apparently harmonious marriage) or "The Husband's Story" (Jack, her fairly unsuccessful historian husband's gradual realisation, in her absence, that his life has been unexamined, built on incomplete interest or knowledge of himself, his children, his parents, his friends or her).

Both accounts conclude at the moment when they are about to meet again at the airport on her return: question marks hang in the air. Brenda has been changed and charged by an encounter (in one sense unfulfilled) with a stranger in her hotel, whose presence has opened her eyes to the infinite possibilities which might have been. Jack has observed a friend's marital breakdown, and another's attempted suicide: in addition, his secretary, on her retirement day, confesses to her love for him. He realises that, although his work is history, he has sleepwalked through his own life.

It is a book about the unknowability of others, about the gentle anaesthesia of partnership: "a soft whittling away of truth, or at least of confrontation, has placed the two of them in the safety zone: with the happily married, with reasonably content, the spiritually intact". But it is also, importantly, about history, about the way things are like this and not like that: the importance of each person's story in the world. Shields is exceptionally intelligent, very funny and affirmative in a way far removed from the happy ever after.

Mary Hope

No method to this madness

THE GODFATHER this is not. Mr Puzo's best-selling masterwork, as amplified on film by Mr Francis Ford Coppole, is rarely designated as literature, but if it is trash it is at least hypnotic trash. *The Fourth K* is soporific trash. *The Godfather* is infinitely superior. You can believe, for a moment, in the Corleone family. You can admit its characters, unpleasant as most of them are, into the secret rooms of your mind. The book that made Mr Puzo has verisimilitude, and resonance. *The Fourth K* has none of these.

Its plot is of a comic-strip level of incredibility. I would advise you to hold back from buying it until they issue the comic of the film of the book. A gang of Italian terrorists, instructed by a Palestinian, assassinates the Pope; at the

THE FOURTH K
by Mario Puzo
Heinemann £14.99, 501 pages

same moment the Palestinian and another gang hijack a plane carrying the daughter of the President of the United States, Francis Xavier Kennedy, cousin of JFK. You don't see much more of her after he is through.

Meanwhile some wide-eyed idealist American science students plant a small atomic bomb somewhere around Times Square; letting this go off saves Francis Xavier from being turned out of office by an irate senate following his plan to revenge-bomb the small sheikdom that harbours the Palestinian terrorist because that would lose assets worth $50bn owned by one of the multi-billionaire members of the Socrates Club, a business clique that really runs America although it defers to the Oracle, a 100-year old Socrates type, and the female vice-president wins in the end.

No, I have not absolutely spoiled the plot for anyone who thinks this misplaced fancy will get him or her through a long flight; there is plenty more madness in it. What there is not is any reason to be interested in any of the characters or any *half-worthwhile* reason to turn any of the pages. This is Mario Puzo letting himself down. He may be trying to be Jeffrey Archer, but even Archer does it better. Tough.

Joe Rogaly

Aspects of la vie française

GOOD ROMANIANS, says the historian Eugen Weber, go to Paris when they die. Those who can afford it get there sooner. It is fortunate that Professor Weber was able to leave his native Romania to go to France by way of Cambridge University. It is also fortunate that he was persuaded *as a student* at Cambridge to drop the idea of writing his dissertation on Saxon settlements in Transylvania and chose instead the Nationalist revival in France at the beginning of this century as his subject.

The dissertation was refused a Cambridge doctorate because it was regarded as too impressionistic – meaning, Weber supposes, that it had too many anecdotes and too little analysis. But the book is still in print today and Weber is Professor of Modern History at the University of California.

His latest book – a collection of essays on different aspects of French life and history – could also be described as impressionistic and anecdotal. But it is also the reason why it is such a *readable and enlightening* analysis of a country which has long been an historian's paradise.

"Whatever one writes about the French will be attacked or praised, analysed, criticised, commended, berated or puffed, but never (or seldom) ignored," Webber says. History in France is part of the present, as it was in the past. *History is past* politics, he explains, but in France more than anywhere else, past politics are part of present politics and of contemporary arguments.

One essay in the collection is devoted to the very shape of France – the hexagon,

MY FRANCE: POLITICS, CULTURE, MYTH
by Eugen Weber
Belknap Press/Harvard £19.95, 419 pages

which has become only recently a synonym of France. Weber believes one of the reasons why it took so long for the French to adopt the term *as* a national symbol was its apparent pejorative sense. It implied loss of empire and possessed none of the noble ring of "L'Elysée", the popular description of the French presidency. Before hexagon could become culturally acceptable, public attitudes had to change. By 1966, however, the Gaullists had adopted the six-sided shape as the logo for their electoral posters. It had won respectability.

France has changed enormously during the last ten years under Mitterrand: *superficially at least*. But many aspects of current French society and politics can be traced to the 19th century and beyond. Without ever dwelling on contemporary France but instead drawing heavily on his expertise of French 19th century and *fin de siècle* history, Weber provides many important insights to help understand France today: right and left, race and antisemitism, religion and sport, north and south, Paris and the regions.

The last ten years have witnessed both the revival of Jean Marie le Pen's National Front movement and the fall of the Communist party. Weber reminds us that the slogan "La France aux français" was first coined in 1886. Le Pen revived it a century later. As Mitterrand himself has admirably demonstrated, the coalitions of left and extreme left in France were formed for electoral purposes while those of left and right for power. The myths of left and right, suggests Weber, were already *becoming obsolete as early* as 1906. "Their persistence for another half-century shows the power of ideas to affect and form opinion, but hardly much effort to see through the accepted theories and think them through afresh", he says.

Weber's approach to history is to make the past accessible and relevant to the present, all written in a vibrant and witty style. His essay in this collection on Coubertin is just one example. Isn't it odd, he asks, *that the Olympic Games*, the biggest sporting event of our time, should have been founded by a citizen of a country not overly given to sport, whose athletic tradition hardly compares with those of Britain or Germany, and where sport was only beginning to spread as the 19th century ended?

Today, of course, *sport* constitutes a major aspect of French life. France excels at rugby; the Tour de France has become an international event; it has reached the pinnacles of soccer, tennis and skiing in an inconsistent sort of fashion. But Weber reminds us that Coubertin, the father of the Olympic Games, reaped *little* honour in his own country. When he died in 1937, he must have been one of few Frenchmen left undecorated.

Paul Betts

British film gets a fillip

BYE, BYE *Batman II*. The chances of the UK providing the studio space for his further adventures disappeared when Hollywood star Jack Nicholson saw his tax demand from the Inland Revenue. Handing over 40 per cent of a £6m fee, plus a percentage of the box office, from the first movie produced a grimace more sickly that the one he managed as the villain in *Batman I*.

For Wilf Stevenson, Director of the British Film Institute, this is just one more example of the burdens carried by domestic film makers compared with their overseas competitors, especially those in France. There, 150 full length features are made a year; here nearer 30. By sncouraging a busy industry the French Government ensures that there is a much better chance of making those elusive two films out of ten that touch the popular commercial nerve and pay for all the flops. Currently it has *Cyrano de Bergerac* well on the way to taking over £1m from British box offices alone.

After years of grumbling the British film world has expectations, centered on that unlikely hero, Mr Norman Lamont, Chancellor of the Exchequer. Last summer "Dickie" Attenborough led a band of cinematic worthies to Number 10, Downing Street. It came away with £5m in real money – enough seed corn to ensure an extra 15 British films over the next three years – and an air of anti-climax. But the huffy headlines that greeted the small hand out hid the real story; the Government had agreed to discuss sympathetically the problems of the film industry. The results of those conversations should manifest themselves in the Budget.

Stevenson is encouraged by the response of the minister responsible for film, Lord Hesketh, who, as an investor in the medium, knows the pitfalls. Stevenson hopes that a Film Expansion Scheme, based on the Business Expansion Scheme, will be announced on March 19, with tax relief for investors in British films, and no limit on the cash committed. A similar scheme in France fuels the current boom there.

Limiting the Scheme to five years would give the industry the necessary kick start. There could be restrictions to prevent the accumulation of paper losses, the practice which derailed the Australian Government's film investment scheme. Other desirables, like changing the timing of tax relief to assist cash flow, and easing the tax burden on visiting artists, would be nice. A levy on video sales or a return to a quota system on American films – lie in the golden future.

Suddenly the BFI is feeling optimistic. The Government is now pro-Europe, which means the UK should gets its share of the $200m of European Commission cash set aside to encourage pan-European film initiatives. There is a chance that Lord Hesketh might produce the piddling sum needed (less than £1m) both to promote British films abroad, and to publicise the sxistence of the gofers who now function in cities like Liverpool or Newcastle.

These glimmers of hope take place against UK cinema admissions which have doubled in the past five years to 100m. If a cheapish Hollywood film like *Ghost* can take £10m at the British box office it suggests a much lower break-even target for home grown products. Now it is np to the domestic film producers to deliver the popular goods.

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All for Love had its run extended at the Almeida for two weeks, thanks to Charles Amos of ICI. He created the financial control system for the theatre which enabled the management at the press of a button to work out that the extra costs from an extension were less than nursing s dark period or bringing in a production. It was Business in the Arts in action.

Business in the Arts grafts corporate executives on to arts organisations in *Big Brotherly* roles. They spend a few hours a week at a local theatre, museum, or arts centre advising on computerised accounting systems; or setting "Cultural" Performance Indicators (the latest buzz words); or reviewing management structures. So far there have been 50 advisers operating in London and thirty in the regions. In May a series of seminars will promote the scheme.

Tim Renton, Minister for the Arts, is keen. This week he lobbed £25,000 to help fund it. Bob Horton, chairman of BP, is another enthusiast and chairs BIA. His company, along with IBM, British Gas, BP, et al, provide both cash and consultants. The idea is that they benefit, too, from rubbing shoulders with creative types.

So we have Nicholas Kolarz of Thermos trying to give the Livesey and Cuming museums and the South London Art Gallery an integrated public image; Robert Franklin of British Telecom bringing financial controls to the Poetry Book Society; and Ruth Carson of W.H.Smith analysing the merchandising potential of the Mander & Mitchenson Theatre Collection – and concluding that there was not the infra structure to handla such an activity. So far only two of the executives have dropped out. For the rest it is nice to have their management ideas taken seriously.

*

What arts charity most needs £20,000? Few would say ABSA, but it was this organisation, which promotes arts sponsorship, that collected the cheque this week, appropriately from the Minister for the Disabled, Nicholas Scott. Along with LSO, Cheek-by-Jowl, Aldeburgh and over 20 other arts organisations, ABSA stumped up the £420 needed to take part in UK Charity Lotteries first UK venture. And it was the only arts group out of eight charities which shared out the cash raised by the first lottery: with luck the other arts punters will get a reward in the next few weeks.

Antony Thorncroft

State-of-the-art under the Tsars

Susan Moore admires the creativity of a Silver Age

WITH A sleight of hand, or so it seems, the Hayward Gallery has unveiled a world not so much lost as unsuspected. Its exhibition, *The Twilight of the Tsars*, despite its appropriately Wagnerian title – the *Ring* had become a passion since its first performance in St Petersburg in 1889 – is not an elegiac lament for the last years of the Romanovs and the Imperial court. Rather it is a celebration of the extraordinary life-force that gripped the arts in Russia at the turn of the century. It was a period of promise, progress and unprecedented creativity that was seen to herald the dawn of a new age.

Here we are presented with the first major survey – in the USSR or anywhere – of this so-called Silver Age. Stretching out before us are some 650 exhibits from six Soviet national collections: paintings, sculpture, architectural drawings, furniture, ceramics, silver, jewellery, textiles, graphics, photographs and films. It is at once too much to digest, and yet tantalisingly little. Its impact comes not so much from the shock of the new as from the realisation that it is all essentially familiar.

This exhibition places the last giant piece in the pan-European jigsaw of the Belle Epoque. Russia too had its Symbolist poets and artists in pursuit of artistic purity, and – like each national version – its ownidiosyncratic brand of Art Nouveau, known as the Style Moderne. Its art and architecture were framed by a romantic and eclectic historicism, and by the all too familiar desire to create a modern national style. Nationalism did not exclude close links with Europe. Painters such as Bakst studied in Paris (Kandinsky went to Munich), and sculptors Anna Golubkina and Nikolai Andreev sat at Rodin's feet.

Sculpture is one of the great revelations of the show. The greatest discovery without doubt is the architect Fedor Shekhtel – Russia's Guimard, Horta or Hoffmann. More than any other architect, he attempts a synthesis of European and indigenous Russian building styles and techniques. What makes him particularly interesting is that he achieved this working for clients of an entirely new social order – the millionaire commercial and industrial bourgeoisie – and in new types of building – company headquarters, showrooms, railway stations, newspaper offices and cinemas.

A theatrical designer before channelling all his energies into architecture, he was intimately associated with the Symbolists, and counted Chekhov his closest friend. He developed the idea of integrating all the arts in a rationally planned architectural whole – a kind of Wagnerian Gesamtkunstwerk out of Ruskin and William Morris – and aimed for an expressiveness that "put the viewer in the *mood* which suits the building's purpose."

At first glance, the sepia photograph of the dining room of the Morozova Mansion in Moscow of the 1890s could almost be mistaken for a Bedford Lemaire photograph of a William Morris interior. Five years on, the dining room at the Derozhinskaya Mansion looks more like Rennie Mackintosh or Josef Hoffmann. Here the decorative leitmotif is a ever-shifting, a cacophony of jangling triangles that find their way throughout the house, from garden railings and gate to upholstery fabric and light fittings (Shekhtel light fittings are spectacular).

At his other great domestic tour-de-force, the Ryabushinsky Mansion (now the Gorky Museum), again containing every state-of-the art mod-con, the lines are sinuous and organic – in the glazing bars, the bold exterior metalwork and the smooth gleaming surfaces of the theatrical curvilinear stone staircase. Outside a frieze of mosaic lilies and gilded window frames glints from the upper storey.

Shekhtel commissioned mural paintings, stained glass, sculpture and ceramics for his buildings from the artists working at Abramtsevo, the first Russian artists' colony, established with studios, workshops and a folk art museum by Savva Mamontov in the 1870s, an early foundation for such an arts and crafts enterprise. Its "Neo-Russian" rustic furniture, which demonstrates the native love of carved wood and pattern, is more in the spirit of the Cotswolds School than the Wiener Werkstätte. Not so Ivan Fomin's bold cupboard designed for the 1902 "New Style" international exhibition.

Mamontov also funded the seminal Mir Iskusstva – World of Art – exhibition society and journal directed by Sergei Diaghilev. It seems odd to have come so far without mentioning either Diaghilev, whose Ballets Russes were to take Europe by storm in 1909, or Rasputin, who was perhaps most responsible for the destruction of this particular Valhalla.

The Twilight of the Tsars continues at the Hayward Gallery on the South Bank, until May 19. The exhibition includes screenings of films from the early Russian cinema in programmes compiled by the BFI.

The folkloric Russian street built for the 1901 Glasgow exhibition by F. Shekhtel

Brahms played big

THE GREAT concertos need great partnerships, and well chosen ones at that. In his early days as a pianist Daniel Barenboim sought to make alliances with conductors such as Klemperer and Barbirolli, with whom his grand and impassioned style of music-making might flourish in sympathetic collaboration. One imagines he would be first in the queue to work with Furtwängler, if he were still alive.

For its all-Brahms concert on Thursday at the Royal Festival Hall the Philharmonia had secured a partnership that was certainly prestigious. On the face of it Carlo Maria Giulini and Barenboim might seem to make a good pairing. Both like their Brahms big and spacious and slow – above all, slow. But whereas Barenboim always knows why he chooses slow speeds, putting the time he allows himself to revelatory use, Giulini these days invariably seems at a loss.

The difference between them was announced from the First Piano Concerto's opening phrase. Under Giulini it was broad and unhurried, with even the little notes given their full weight; but nothing carried conviction. As soon as Barenboim had the same theme later on, we suddenly found out why it had to be slow, for now the music was full of meaning; those same notes shaded with colours, shaped with enormous emphasis.

On this evidence Barenboim is a compelling Brahms interpreter. Although he takes liberties in pulling back the tempo to make points freely when he wants to, he never loses sight of tha long-term direction of the music; while in the impassioned climaxes he throws caution to the wind. Never mind the wrong notes: this was Brahms storming tha heights and it will be some time before the South Bank hears a First Piano Concerto to equal it.

After the interval Giulini and the Philharmonia returned to give us the First Symphony. Of their noble intentions there is no doubt and at times the performance did achieve a stolid sort of power. But otherwise this was the symphony as a museum piece, a prize exhibit cast in stone, lovingly tended, conscientiously renovated, but wholly and utterly lifeless. The same programme will be repeated on Sunday afternoon.

Richard Fairman

New York Saleroom

When tyres meet taste

Homan Potterton previews the auction of the Elizabeth Firestone Collection

WHEN CHRISTIE'S or Sotheby's boast that they will be auctioning "one of the greatest collections" of this or that, it is often wise to treat their claims with a pinch of salt. When they add that the collection in question was formed by "a trua counoisseur", one should be prepared for disappointment.

It makes a refreshing change, therefore, when either auction house comes up with a single-owner sale that is as important as the auctioneers intimate. Christie's has announced that it will be offering "one of the greatest collections of French 18th century art to come on the international market since the Second World War" in a three-day sale in New York from March 21-23; and the statement is largely true. The Elizabeth Parke Firestone Collection of more than 1000 lots – of which almost half consist of rare porcelains – is estimated to fetch over $10 million.

The Collection was assembled over three decades from the the late 1940s. When Mrs Firestone's husband – heir to the tyre and rubber company – went on business to Paris, she went shopping. "Its just like peanuts," she remarked, "once you've had one, you've got to have another." Combining tyres with taste, she achieved soma remarkable results.

The main focus of her unparalleled collection was French silver and porcelain, but she gave many of her best silver pieces to the Detroit Institute of Arts several years ago. As she retained the right to use them during her lifetime, a special plane would be dispatched from her Newport, Rhode Island, home to fetch the Ham House candelabra or the magnificent boar's head soup tureen on days when she expected guests. Her remaining silver is owned by a trust and is not included in this month's auction.

Top lot among the porcelain is a somewhat gaudy 12-inch-high Vincennes bleu lapis "urne d'après l'antique" which was made in 1755. It was originally purchased as one of a pair by Louise XV for presentation to the Marquis de l'Hôpital. It is expected to fetch $60,000-$90,000. Next comes a rare Sèvres écuelle – a two-handled shallow bowl – which was painted by one of the most famous Sèvres artists, Charles-Nicolas Dodin, with chinoiseries of figures taking tea. It dates from 1761 and is estimated at $50,000-$70,000. Several particularly choice Sèvres pieces are bleu-céleste, that is, they have the distinctive turquoise ground colour which was used at the Sèvres factory from 1752. A "vase hallandois" with a date letter for 1760 that has particularly sumptuous gilding is estimated at $40,000-$60,000; another pair of such vases dating from the same year, with painted scenes of peasants drinking and smoking, has a similar estimate; a large oval tureen and cover that sold for 160 guineas in 1951 is also estimated at $40,000-$60,000. All of these pieces are particularly rare or special in some way and this accounts for their high valuations: more modest pieces of bleu-céleste have estimates as low as $1000.

Also, included in the sale is a wide range of those familiar unglazed biscuit figures of pastoral figures inspired by Boucher which were modelled at Sèvres by the sculptor Falconet between 1757 and 1766. Perhaps his most famous designs were the separate figures of Psyche and Winged Cupid known as "amours Falconet". The Firestone Collection has exceptional examples of these figures on bleu lapis bases and their importance is indicated by their high estimate of $70,000-$90,000 the pair.

Elizabeth Firestone's collection also includes many more unusual examples of soft-paste porcelain from the earlier French factories at Saint Cloud, Mennecy, and Chantilly. An exquisite pair of Commedia dell'Arte figures, probably dating from about 1740, are catalogued as Saint Cloud although they were once thought to be Chantilly (estimate $40,000-$60,000).

There are almost 100 silver mounted snuff boxes in the sale. Many of these are Mennecy and they come in the form of animals, birds, fish, flowers, vegetables, and human figures. Their estimates vary between $500 for a plain white box modelled in the form of an apple to $9,000 for one in the form of a monkey reclining on a grassy knoll. A wide selection of porcelain knife and cane handles provide opportunities for the more modest collector: many are quite delightful as well as being unusual in design.

Mrs Firestone complemented her porcelain collection with 18th century French paintings and drawings as well as some fine French furniture of the same period. Two mid-century ormolu-mounted black lacquer commodes – one signed by Jean-Baptiste Tuart, the other by Jacques Dubois – are estimated at $250,000-$350,000 each; a tulipwood bureau-plat that may also be by Dubois is expected to fetch $150,000-$200,000; and a scarlet lacquer commode signed by Pierre H Mewesen could bring as much as $150,000. Of the several clocks in the sale an early 18th century marquetry example with superb ormolu mounts and a pedestal to match is estimated at $200,000-$300,000.

The pictures in the sale are decorative: drawings by Fragonard, Boucher, Lancret, and others; two fine landscapes by Pillement; a flowerpiece by Desportes; a Greuze; and a very fine three-quarter length portrait by Vigée LeBrun. Painted in Rome in 1791 it represents the mistress (and later wife) of Lord Mornington, elder brother of the Duke of Wellington. It is an image that is both saucy and striking and is estimated at $200,000-$300,000.

Radio

Rebellion and Restoration

COME THE *Revolution*, on Radio 3 on Wednesday, was not an incitement to revolt, but an introduction to a series of programmes about the great rebellion that led to the trial and execution of King Charles I, and the subsequent change in public sentiments that brought about the Restoration. It was an introductory piece of much interest, designed by Piers Plowright, producer and editor of the series, to depict society as it was at the time, not only in politics but in music, literature and science.

The producer has called in historians Christopher Hill and Pauline Gregg, scientist Lewis Wolpert, musician Bernard Palmer, as well as novelists Eva Figes and Rose Tremain and playwright Carol Churchill, with Jack Emery, who contributes to the series dramatisations of three historic trials – of the King, of the notorious radical John Lilburne, and of the regicide Thomas Harrison. You may hear Lilburne's trial on Friday and Harrison's on Friday week. The King's trial was given last night, but before I write about it I should interpose a note on Ronald Pickup's able reading on Thursday of Milton's *Areopagitica*, an apt plea "to know, to utter and to argue freely according to conscience above all liberties."

The three plays are given the overall title of *Upon Life*; the play on the King's trial is called *Inquest for Blood*. It has been compiled by Emery from transcripts of the time, and covers the proceedings of the trial, held in Westminster Hall, with a short commentary afterwards of the King's last day and his execution. Tha proceedings seem perfectly proper (apart from the fact that the court was a tool specially invented by means of an Act passed by the Commons). The prisoner Charles Stewart, as he is called, was more courteous than his accusers; Brett Usher played him with some faintly Scottish vowels.

Solicitor-General Cook (Steve Hodson) read the long, prejudicial charge, an accusation of tyranny and treachery. The King, with a dignity that the officers of the court did not match, declined to plead, since he did not recognise the authority of the court, and he was consequently not allowed to speak in his defence. The account of the execution – where the executioner was so moved that he twice dropped his axe – suggested an innate public sympathy for the King. Tha production, directed by Jane Morgan (who acknowledged consultation with C.V.Wedgewood) was moving and dramatic. I cannot speak too well of the whole series.

Last Saturday and Sunday, Radio 2's programmes marking Ivor Novello's death 40 years ago felt to my mind ten years too early, but were welcome none the less. Novello was better than today's critics often believe. He was an effective actor, his music was tuneful, in its way, and his lyrics, sentimental as they were, were notably singable. The first programme was presented by Vanessa Lee, who has co-starred in her time with Novello.

There were Ivor stories from Miss Lee and from such actresses as Dame Cicely Courtneidge, Mary Ellis and Elizabeth Welch. Let me add one. I was lunching in Soho with Mrs Hilton Philipson, the first Englishwoman to be elected an MP, and her daughter, to whom I thought of becoming engaged. Novello came to our table, so we left our car parked far too long and were rebuked by a policeman. "But we were talking with Ivor Novello!" Mrs Philipson explained. "That makes it worse, ma'am," he said. Yet Ivor Novello was a star in his day, a great writer/composer/actor in the style he chose. Sunday's programme, with Sheridan Morley, gave us the life as well as the tunes.

The Radio 4 debate, held at Chatham House, was on the motion that "The time has come for the West to stop supporting President Gorbachev". The principals were a very high-grade assortment, but there was not enough of the feeling of ordinary public interest that makes debates worthwhile. As this is the last of the series, I must insert a word of appreciation for the chairmanship of Brian Redhead.

B.A. Young

ARTS

The ability of disability

All the world's a stage: and that includes the handicapped

Nabil Shaban in 'Imagine Drowning' at Hampstead

Alastair Muir

THERE WAS an actor in the play recently at the Hampstead Theatre, North London, who uses his body just like any other good actor, as the finely tuned instrument of his craft. But Nabil Shaban's body is not like any other actor's: it juts from his wheelchair topped by a large, expressive head and tailed by two twisted feet.

In Terry Johnson's *Imagine Drowning* Shaban played a crazy peace campaigner who uses his deformity to mock the authorities with one-man anti-nuclear protests, but whose higher mission does not blind him to the comic reality of a an "legless even before my first drink."

His character, Tom, is a brave and complex creation who challenges his audience at the same time as licensing us to laugh at our own horrified fascination. It is not the first time Shaban has been employed to play disability'a fool. Widest known for his role as the gurgling maggot-man in television's *Dr Who*, ba has also appeared as the Emperor Haile Selassie in Jonathan Miller's Royal Court production of *The Emperor* and, more recently, as a Hell'a Angel groupie in *Deptford Graffiti*, whicb launcbed Channel Four's latest 4-Play series.

As the most famous of Britain's visibly disabled actors, Shaban has made a career out of holding a mirror up to the darkest corners of the collective conscience, using his own torso as the reflection. It is a small market which he has cornered. More signs that the theatre may be starting to grapple with the issua of disability comes with other recent departures.

In tbe West End this Christmas, *Snow White's* seven dwarfs offered employment to seven "small people" (the politics of disability make tbe word dwarf unacceptable). And earlier in the year, the profoundly deaf actress Elizabeth Quinn took on the role of Hedda Gabler in a production at Islington's King's Head, which reduced the assembled critics to groping sbeepishly for their euphemisms, having gathered there largely on the strength of Quinn's success as tha deaf beroine of *Children of a Lesser God*.

The embarrassmant of *Hedda Gabler* was that the disability of the actress was seen to impinge on the credibility of the character: how could an actress who has trouble speaking tackle such a hefty speaking role? There was a similar unease a few years back when Shaban dared to tackle Hamlet – as usual making a feature of his own disability by testing the cutting edge of his sword between his toes and hurtling about in his wheelchair like a demented Dalek. Had the production been more mature and the text more sensitively handled, Shaban's Hamlet might have been recognised as a wholly legitimate first cousin to his Selassie – a grim personification of something rotten in the state.

The failures of both Hedda and Hamlet are undoubtedly notched up by many as proof that there are certain pinnacles of the dramatic repertory that are unscalable for the disahied actor, rather than as examples of direction and castings that did not work for all the usual reasons that stage productions fail.

The casting of the sevan dwarfs broaches a different issue, the fear of seeing disadvantaged people paraded as figures of fun. This anxiety has traditionally denied an outlet to a small but staunch band of professional entertainers who could at least make a comfortable living playing themselves. Part of Elizabeth Quinn's triumph in *Children of o Lesser God* was that she dared to do just that. More characteristically, Daniel Day Lewis is cast as Christy Brown in *My Left Foot*, while Linus Roache lands the part of palsied Tom in Lucy Gannon's *Keeping Tom Nice*: two high profile roles which have given two able-bodied actors the best showcases of their careers.

It would be facile, though, to leave the argument there wben pbysical appearance and ability are so patently central to the actor's craft. One has only to think of Susan Hampshire's dyslexia, or the blindness of Lindsay Kemp's Incredible Orlando to realise that disability is accepted, provided it does not show.

But Equity reports a heartening trend towards employment of disabled actors on ITV's prime time police serial *The Bill* – and not just as disabled bystanders but as robbers and even cops. This is actually a far more significant break-through than Hedda or Hamlet, because it is oot until we are used to seeing the disabled as part of everyday life that we will begin to realise how much more they are able to do besides.

Claire Armitstead

THE KALEIDOSCOPE Theatre Company produces theatre by and for the mentally handicapped. It was fouoded in 1980 by Carolyne and John Revell, made its Edinburgh debut in 1985, and bas come to The Swan, Stratford-upon-Avon with a remarkable piece of theatre which asks no concessions and begs no indulgence.

Love Lies Bleeding is an integrated continuum of beautifully-paced scenes from the Grail Legend. It bas no plot and no dialogue. Recognisable grail tableaux emerge: Lucifer's fall, the Last Supper, Arthur's Round Table. Its wit comes from a brave, unpredictable jesting scene at Arthur's court; its pathos from plague and crucifixion scenes – allegories of traditional attitudes to tbe mentally handicapped. Because so little is said, and because it is not always clear what is going on, the eveoing coostantly challenges – the result is an absorhiog and moving show.

Kaleidoscope achieves everything through mime, gesture, music aod costume. A group of unnamed characters dance around the central figure of the Innocent Fool, gesturing with an extraordinary range, innocent and untainted hy theatrical cliché. A continuous soundtrack, everything from ambient Peter Gabriel's "Last Temptation" to *Parsifal*, paces the action. Colour-coded costumes and bold lighting operate with a no-nonsense wooden set that does exactly enough.

Kaleidoscope delivers all this singlehanded on a budget of £7,500 and a week's rebearsal. If theatre for you means the finely-tuned soliloquy or finely-turned repartee, allow *Love Lies Bleeding* to test your view. Kaleidoscope taxes both intellectually as emotionally.

The show offers more grail sightings than Malory and Wagner combined, more action than *Henry VI*, more pastiche tunes than Lloyd-Webber, and fewer words than Pinter. Here, an integrated community produces fresh, exciting work; and reminds us that the perceived bandicaps of the mentally handicapped often turn out to be in their environmeot, or in others' attitudes.

Andrew St George

Theatre

Mid-life identity crisis

Sinead Cusack and Jack Klaff in 'Map of the Heart' at the Globe Theatre

IN HIS award-winning first stage play, *Shadowlands*, William Nicholson crafted a four-tissue weepie from the relationship of C.S. Lewis and Joy Davidman, crusty Oxford don turned writer and American poetess. He manipulated biography shamelessly and irresistibly into an old-fashioned story of star-crossed love.

In this wholly resistable second play, *Map of the Heart* at the Globe Theatre, the love is again the heart of the matter, and again it is blighted, this time not by disease and death but by an extreme form of mid-life identity crisis. What it is not – despite its pretensions – is a play about the experience of the hostage. Once thet is sorted oot one can relax into the familiar clichés of triangular drama.

Albie Steadman, "heart doctor with a heart", chooses to bestow his own malnourished organ on an earnest young mission medic based in Sudan. This means leaving his wife and teenage danghter for love among the mosquito nets, whence he is abducted at bayonet point by one of the insurgents the Foreign Office had warned him about.

The abduction only happens at the end of the first act, by which point his betrayal is already complete. The remainder of the play is concerned with the aftershock of that betrayal, both to the released captive and the women he left behind. Steadman's opening question: "Am I allowed to seek my happiness at the expense of other people's?" is disconnted, rather than answered, in the daze of what the man from the FO calls post-release tranma.

The emotional degeneration of the errant husband is graphically illustrated in a performance from Patrick Malahide which progresses from bland selfishness to manic disorientation. While one cannot quita grasp what Susan Wooldridge's "angel of the camps" sees in this scrawny, undynamic middle-aged doctor, one accepts that she is an odd woman. Sha speaks oddly, has odd ideas about giving herself entirely to one man, and picks odd places to express them, such as the television studio where, seconds earlier, she had been lying on air abont the circumstances of her lover's disappearance.

She can only relax with married men or gays, she tells Steadman's understandably bemused wife, Rnth, finely played by Sinead Cusack whose beantiful voice is used to full effect in episodes of soulful choristry behind a gauze screen. In a half-hearted attempt to complicate the triangle, Nicholson throws in Ruth's brother, a mildly eccentric repository of Victorian parlour music, and her former lover, highly eccentric disciple of Zen, played with a monumental silence by Jack Klaff.

The implication that Ruth's heart was always otherwise engaged is not explored in enough depth to supply her husband with the motive he wants for his betrayal. These incidental relationships strika the same spurious psycho-analytical note as the programme quotes from Primo Levi to Oscar Wilde about the trauma of captivity. Peter Wood's rather classy production cannot disguise the cheapness of it all.

Claire Armitstead

Wasted movers

THE AUDIENCE yells its enthusiasm for Phoenix Dance Company, and the liberal-humanist in me wants to too. This is, after all, our leading black dance company; and it has successfully shown now that what it does well isn't confined to black dance (i.e. Afro- or Afro-Caribbean or jazz-based). Most of its current repertory, indeed, is thoroughly Eurocentric. The Phoenix dancers do it proud. So why can't I applaud too? Because all the repertory is bilge. Phoenix is meticulously devout about trash.

The company is dancing a programme of five different works at The Place this week. *Rights* is a sub-typically Michael Clark collage – a modishly elegant parade of ballet academicism, some anodyne soft-core sub-jazz rock music, campy costumes, a voice intoning a list of hate names ("Bonnie Langford. Poll tax. *Neighbours*. Class war. Radio One. *Jimmy Tarbuck. Acid rain...*") The opening sextet, composed for mirroring trios on either side of a diagonal, is no great marvel, but its formal complexity and civilised variety make it the best thing all evening.

Solo, made for Pamela Johnson by Neville Campbell, is the most pointless kind of moody abstraction. (I see that corner. I return to the floor. I stretch up. Corner. Floor. Up. And so on.) *Shock Absorber*, an ensemble by Darshan Singh Bhuller, is an unspontaneous conveyor-belt of demi-trendy partnering clichés. Two men together; a woman lifting a passive man; several sudden jump-turn-and-catch-me-in-mid-air lifts. But nothing builds or develops.

Tainted Love is one of Tom Jobe's glossy fantasy-nightclub farragos – lots of slick, sharp energising – but less effusive than usual – and more ritualised. For all its clubby chic, this is rock as life in a fascist state. Philip Taylor's *Haunted Passages* tentatively sketches out a gloomy tale of two men and a woman together in a room. Much formal moodiness plus a series of gestural hints – tenderness, angst, frustration, prayer, uncertainty. All three are nptight but oh so demure. Very British; very expressionist; very bad.

Such a waste. These Phoenix dancers are real movers, refined and natural. Numerous virtues give me a real buzz – legs so surely stretched in arabesqne that energy beams down them; clean, sure turns; the exploding force of one *developpe*, the sumptuous unfolding of another; the unexpected diminuendo close of one falling phrase; the sculptural ease of one 2-D pose; and much more. But these incidentals only make the whole programme look all the more decadent. Our best black dance company is giving what Pauline Kael once called a "Come-Dressed-as-the-Sick-Soul-of-Europe" Party.

Alastair Macaulay

On Shostakovich

MAXIM Shostakovich condncted the London Symphony Orchestra at the Barbican on Thursday in exceptional performances of his father's two orchestral masterpieces from the 1940s, the First Violin Concerto and Eighth Symphony. Even now, when more Shostakovich is being performed and recorded in the West than ever before, both works remain remote, forbidding pieces – the Concerto sets its fearsomely difficult solo part in a framework tbat is anything but conventionally demonstrative, the Sympbony explores extremes of violence and terror that cannot be visited too ofteo.

Maxim Sbostakovich's conducting style, once flamboyant and fussy, has been pared down; his gestures may be as demonstrative as ever but his musical concerns are now much more those of momentum and pacing. For the Violin Concerto he provided the young American-based Nadja Salerno-Sonnenberg with a fierce, uncompromising orchestral framework. Salerno-Sonnenberg has been much byped by her record company, but she is mucb more serious performer than her winsome publicity shots and the inevitable recording of the *Four Seasons* might suggest; her tone is on the small side – in this hall and set against such mighty orchestral nolses sha was sometimes swamped – – but the sound is exceptionally well focossed and flexibly expressive, her techniqne wonderfully precisa and not at all flashy.

The personal uncertainties that the Concerto touches upon – the element of self-expression in the piece that compelled Shostakovich to withdraw it until after Stalin's death – are the main concerns of the Eighth Symphony written four years earlier in 1943.

As Geoffrey Norris's programme note observed, it is hard to believe Shostakovich's claim that its basic message is that "life is beautiful", when confronted with music that is at times as terrifying as anything in the symphonic literature, and atill profoundly ambignous when it is at its most relaxed.

Certainly Maxim seeks out the pain more than the poetry, sets the vicious machines of its second and third movements in motion and leaves them to grind on, and seems cautious of finding too much consolation even in the passacaglia slow movement. The strange vein of pastoralism thet begins the finale (like Nielsen more than any Russian composer) continues to slip through the interpreter's net. One resists tha increasing tendency to everything that Shostakovich wrote as a coded message, and there is no doubt that his son's conducting is iess concerned with the ironies than with the emotional extremes, but finding any key to that last Allegratto (and hence one presumes to the whole symphony) remains so hard that some of kind of veiled metaphor seems the only possibility.

Andrew Clements

Chess No 863:
1 Qh3(threat 2 Qd3). If Re3 2 Rd4, or Be3 2 Qf1, or Ne3 2 Qc8, or Bd4 2 Nd6, or Rd4 2 Rc8, or Ne6 2 Qe6.

TELEVISION

SATURDAY

BBC1

6.35 Open University. 7.00 News. 7.10 Open University. 7.35 Babar. 8.00 News. 8.15 Eggs 'N' Baker. 8.50 Yogi Bear. 9.00 News. 9.05 Going Live! 12.12 Weather.

12.15 **Grandstand.** With Desmond Lynam 12.20 Football 1.00 News 1.05 Golf. The European Centenary Skins Game 1.30 Racing from Chepstow. Swish Hurdle Race 1.40 Golf 2.00 Racing. Amdega Novices (H'cap) Chase 2.10 Golf 2.30 Racing. Polycell Hurdle Race 2.50 Rugby League 3.50 Football 4.00 Athletics. World Indoor Championships from Seville 4.35 Final Score (Timings subject to change).
5.10 **News; Weather.**
5.30 **Regional News And Sport.**
5.35 **Tom And Jerry.** Triple Bill Cartoons.
5.55 **Jim'll Fix It.**
6.30 **'Allo 'Allo!** The British airmen are stuck down the drain in the village square, and Rene plans to get them out using an old ice cream van.
7.00 **Bergerac.** The Lohans. Starring John Nettles and Terence Alexander. Jim is guarding a priceless set of porcelain figures from China which Charlie decides to bid for. When the figures are stolen Bergerac suspects the owner is not being honest and he determines to solve the mystery before the Bureau do.
7.55 **Film: Clue (1985).** Starring Christopher Lloyd, Tim Curry and Madeline Khan. Loosely based on the board game Cluedo. Six blackmail victims arrive at an isolated mansion to be greeted as Miss Scarlett, Prof Plum, and so on. They soon discover it's the perfect place for murder. Directed by Jonathan Lynn.
9.25 **News And Sport; Weather.**
9.45 **Match Of The Day.** The Road to Wembley. Highlights of three potentially outstanding ties from this year's FA Cup Sixth Round.
10.55 **Film: Hustle (1975).** Starring Burt Reynolds, Catherine Deneuve and Ben Johnson. In this chilling modern film noir, a hard-working police lieutenant dreams of escaping the seedy, violent world he inhabits with his call-girl lover, but when a small-time prostitute is found dead, he finds himself increasingly drawn into a web of murder, corruption and vengeance.
12.50 **Weather.**
12.55 **Close.**

BBC2

6.50 Open University. 2.45 Mahabharat.

3.25 **Animation Now.** Harlem Wednesday.
3.35 **Film: Carousel (1956).** Starring Gordon MacRae and Shirley Jones. Rodgers and Hammerstein's acclaimed musical. A fairground worker who is killed during a bungled robbery is allowed to return from Heaven to Earth for a day to help his wife and daughter. The classic score includes June Is Bustin' Out All Over, You'll Never Walk Alone and If I Loved You. Directed by Henry King.
5.40 **Late Again.**
6.25 **News.**
6.40 **Wainwright.** On the Pennine Way. A celebration of Britain's best-loved fell-walker. Wainwright leads Eric Robson over the section from Wynch Bridge onto the shoulder of the Pennines.
7.10 **World Indoor Athletics Championships.** Live coverage of Day Two from Seville, including the final of the 1500 metres with Peter Elliot in the running. Plus the start of Linford Christie's quest for the 200 metres title and the finals of the Mens and Womens 60 metre hurdles.
8.10 **Rhythms Of The World.** Songhia. Tonight's film features the music of Songhai, a band whose members have come from different countries to collaborate for the first time.
9.00 **The Vanishing Bridegroom.** An isolated Scottish island community struggle against social and supernatural pressures in a tale of love, marriage, death and triumph. The composer of this Scottish Opera production, Judith Weir, found the material for her libretto in two collections of Gaelic stories and incantations. Conducted by Justin Brown.
10.30 **Twin Peaks.** In the aftermath of another young woman's death, Cooper knows he is close to his quarry, but it takes some chance remarks and a little magic for a dream to be unlocked and a horror exposed. Meanwhile, an emotional James hits the road and Ben Horne meets his nemesis.
11.20 **Film: A Short Film About Killing (1987).** Starring Miroslaw Baka, Krzysztof Globisz and Jan Tesarz.
12.50 **Close.**

LWT

6.00 TV-am. 9.25 Motormouth. 11.30 The ITV Chart Show. 12.30 Saint And Greavsie.

1.00 **ITN News.** Followed by ITV National Weather.
1.05 **LWT News And LWT Weather.**
1.10 **Grand Sportsmasters.** The quiz show that tests sporting knowledge, hosted by Dickie Davies.
1.40 **World Sport Special.** Followed by The Day.
2.10 **The Spectacular World Of Guinness Records.**
2.40 **Schoolboy Soccer.** England v Scotland from Wembley Stadium, with commentary from Alan Parry and Ian St John.
4.45 **Results Service.**
5.00 **ITN News.**
5.05 **LWT News And LWT Weather.**
5.15 **Beverly Hills 90210.**
5.10 **Davro.**
6.40 **You Bet!**
7.40 **New Columbo: Grand Deception.** The last of a trio of new Columbo stories. The dogged detective is called in to investigate the death of a sergeant major at a training camp where civilians pay to be transformed into mercenaries.
9.25 **ITN News And Sport.**
9.40 **LWT Weather.**
9.45 **Aspel And Company.**
10.20 **Film: Deadly Deception (1987).** Young father Jack Shoat is troubled by his wife's bouts of depression since the birth of their son. When she is found dead and with the baby missing, police conclude that she has murdered the child then killed herself. But then a reporter uncovers some new evidence. Followed by ITN News Headlines.
12.15 **The Making Of Dances With Wolves.** A fly-on-the-wall documentary traces the making of epic Western adventure Dances With Wolves, starring and directed by Kevin Costner.
12.40 **Film: Some Will, Some Won't (1969).** Starring Ronnie Corbett, Thora Hird, Michael Hordern, and Leslie Phillips, followed by ITN News Headlines.
2.30 **Adventure.**
3.00 **American College Football.** Florida State v Florida.
4.00 **The Hitman And Her.**
5.00 **The Twilight Zone.**
5.30 **ITN Morning News.**

CHANNEL4

6.00 Comic Book. 7.00 Trans World Sport. 8.00 The Channel Four Daily. 9.10 Channel 4 Racing: The Morning Line. 9.25 Sing And Swing. 9.30 Same Difference. 10.00 Free For All. 10.30 Film: Never Take No For An Answer (1951).

12.00 **Nights In The Gardens Of Spain.** 1971 documentary paying homage to the Spanish composer Manuel de Falla whose best-known work is the haunting and impressionistic orchestral suite Nights in the Gardens of Spain.
12.30 **The Munsters.** The Sleeping Cutie. Grandpa muddles his mixtures and knocks out Marilyn with a Sleeping Beauty potion.
1.00 **Film: The More The Merrier (1943).** Jean Arthur stars in this Oscar-nominated comedy as a government employee who does her bit for the war effort by renting out half her apartment to Charles Coburn who then rents out half of his half to Joel McCrea. (B/W)
3.00 **Channel 4 Racing.** From Sandown Park. Brough Scott introduces the racing action, featuring the 3.05 Barclays Bank H'cap Hurdle (2m); the 3.35 Food Brokers Royal Game H'cap Chase (3m 118yd); the 4.10pm Imperial Cup (H'Cap Hurdle) (2M); and the 4.40 Burnt Oak & Special Cargo Novices' Chase (2m 18yd).
5.05 **Brookside Omnibus.**
6.30 **Right To Reply.** A viewer attacks the recent storylines of ITV's Emmerdale.
7.00 **The World This Week.** The winners and losers of the Gulf War — looking at the international status of Germany and the continuing unrest in Iraq plus a look at the problem the Malawi government is facing with the influx of Mozambique refugees.
8.00 **Living Music.** The Berlin Documentary. Starting a series of three documentaries and concerts about The Chamber Orchestra of Europe. The players prepare for a concert of Ravel and Prokofiev.
9.00 **LA Law.**
10.00 **4-Play: Work!**
11.10 **The Secret Cabaret.** Illusionist Simon Drake risks death by drowning, while Ricky Jay swindles a member of the public and James Randi battles with ancient spirits.
11.40 **After Dark.** What is funny about comedy? Guests include Frank Carson, Ruby Wax and Gerry Sadowitz.

REGIONS

S4C as Channel 4 except:
8:00 The Art Of Landscape. 10:00 The Garden Club. 10:30 Free For All. 11:00 Travelog. 11:30 Remote Control. 12:00 Jonathan Ross. 12:30 Sumo. 1:05 Film: The More The Merrier. 8:30 Newyddion/News. 8:40 Ibiza! Ibiza! 8:10 Y Maes Chwarae. 9:15 Film: Heat And Dust.

IBA Regions as London except at the following times:-

ANGLIA
1:05 Anglia News And Weather. 1:40 World Sport Special. 2:10 The Spectacular World Of Guinness Records. 5:05 Anglia News, Sport And Weather. 10:30 Up The Junction. 11:15 Film: The Dunwich Horror.

BORDER
1:05 Border News. 1:40 The Silk Road. 4:45 Results Service. 5:00 ITN News. 5:10 Border News. 9:40 Border News.

CENTRAL
1:05 Central News. 1:40 World Sport Special. 2:10 The Spectacular World Of Guinness Records. 5:10 Central News. 9:40 Central News.

CHANNEL
1:05 Diary Dates. 5:10 Channel News.

GRAMPIAN
1:05 Grampian Headlines. 1:45 Abairi 2:10 Crann Tara. 5:10 Criomagan. 10:30 Hooperman. 11:00 The Making Of Dances With Wolves. 11:35 Matlock.

GRANADA
1:05 Granada News. 1:40 McCloud. 2:35 Cartoon. 5:10 Granada News.

HTV WEST
1:05 HTV News. 1:40 The Young Riders. 4:45 Results Service. 5:00 ITN News. 5:05 HTV News. 9:40 HTV News.

SCOTTISH
1:05 Scotland Today. 1:40 Here Come The Double Deckers. 2:05 This Is America, Charlie Brown. 4:45 Scotsport Results. 5:10 Scotland Today. 9:40 Scotland Today. 10:30 Film: Desperado.

TSW
1:40 The South West Week. 2:10 The Spectacular World Of Guinness Records. 5:05 TSW News And Sport. 5:10 Gus Honeybun's Magic Birthdays.

TVS
1:05 TVS News. 1:40 World Sport Special. 2:10 The Spectacular World Of Guinness Records. 4:45 Results Service. 5:00 ITN News. 5:10 TVS News. 9:40 TVS News.

TYNE TEES
1:05 Regional Weather. 1:40 World Sport Special. 2:10 Katts And Dog. 5:05 TSW News And Sport. 5:10 Northern Life Saturday Special.

ULSTER
1:40 The A Team. 4:45 Results Service. 5:00 ITN News. 5:10 Ulster Newstime. 9:40 Ulster Newstime.

YORKSHIRE
1:05 Calendar News. 1:40 The A-Team. 2:30 Cartoon. 5:18 Calendar News. 10:30 Film: Three Days Of The Condor.

SUNDAY

BBC1

6.45 Open University. 7.35 Film As Historical Evidence. 8.00 News. 8.15 Open University. 8.40 Playdays. 9.00 News. 9.15 Come Holy Spirit. 10.00 France Actuelle. Languedoc and Occitan. Part of a series of films on Modern France.

10.25 **Mexico Vivo.** Somos Gente De Mais. An introduction to Mexican Spanish.
10.50 **Step Up To Wordpower.** Chris Serle presents a series for adults who have difficulty with reading and writing skills.
11.15 **A Way With Numbers.**
11.40 **Bazaar.**
12.05 **Sign Extra Watchdog.**
12.30 **Country File.** John Craven reports on fears that public access to many of Britain's woods and forests is being permanently damaged, through the selling of land to private owners.
12.55 **Weather For Farmers.**
1.00 **News; On The Record.**
2.00 **EastEnders.**
3.00 **Match Of The Day.** Tottenham Hotspur v Notts County. Featuring live coverage of the FA Cup Sixth Round tie presented by Desmond Lynam, Jimmy Hill and Bob Wilson.
5.05 **The Clothes Show.**
5.30 **Antiques Roadshow.** A visit to Stafford on the edge of the Potteries uncovers an interesting selection of ceramics as well as the finest scientific instrument ever seen on the show.
6.15 **OK2 Talk Feelings.**
6.25 **News; Weather.**
6.40 **Songs Of Praise.** Mike Wooldridge reports from the seven yearly General Assembly of the World Council Of Churches, which was held in Canberra, Australia.
7.15 **Brush Strokes.**
7.45 **Lovejoy.**
8.35 **Butterflies.**
9.10 **News; Weather.**
9.25 **That's Life!**
10.00 **Mastermind.**
10.30 **Heart Of The Matter.** A Soldier's Conscience. Investigation into the choice of conscientious-objecting soldiers, who joined up voluntarily, as to which wars they will fight in.
11.05 **The Days And Nights Of Molly Dodd.**
11.30 **Mosaic.**
19.00 **The Sky At Night.**
12.20 **Mahabharat.**
1.00 **Weather.**
1.05 **Close.**

BBC2

6.35 Open University. 12.00 Around Westminster. 12.30 Scrutiny previews a report into select committee members' private interests and interviews Kenneth Clarke, Education Secretary, who anticipates widespread opting out of schools from local authority control. 1.00 Open University. 1.25 One In Four. 1.55 Animation Now. 2.05 Film '91 Special. 2.45 The Barry Awards For Comic Relief.

3.00 **Film: Monte Carlo Or Bust (1969).** Starring Tony Curtis, Terry-Thomas, Peter Cook, Dudley Moore, Eric Sykes and Hattie Jacques.
5.00 **Rugby Special.** Bath v Wasps.
6.00 **World Indoor Athletics Championships.** The final day of the competition in Seville. Linford Christie runs in the 200 metres and Paul Ereng of Kenya aims to repeat his 1989 World record-breaking performance in the 800 metres.
6.35 **The Money Programme.** The Soviet Story. As Soviet businesses resort to bizarre ways to barter their way out of trouble and steer clear of the authorities, Michael Robinson reports on their prospects and fears if hardliners try to dictate change from the centre.
7.15 **The Natural World.** The great ocean nomads fly at the marathon pace of 14,385kms in 26 days. From the Antartic to the tropics these are the unrivalled albatrosses.
8.05 **Naked Hollywood.** Don Simpson and Jerry Bruckheimer have produced films such as Top Gun and Beverly Hills Cop. Tonight's programme looks at whether their glossy high-concept style will succeed in the '90s and whether Lynd Obst and Debra Hill will succeed in taming director Terry Gilliam, whose last movie The Adventures of Baron Munchausen went over budget by millions.
8.55 **How Are The Kids?**
9.05 **Mikhail Baryshnikov.** Programme of contrasting works by two of America's leading choreographers presented by the great Russian dancer, Baryshnikov, and his company in An Evening at American Ballet Theatre.
10.00 **Morphine And Dolly Mixtures.**
11.35 **USA Grand Prix From Phoenix, Arizona.** The street circuit in Phoenix is the venue for round one of the World Drivers Championship, the first of sixteen races.
12.25 **DEF II: Snub.**
12.55 **DEF II: Rapido.**
1.30 **Close.**

LWT

6.00 TV-Am. 9.25 The Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 Encounter. 12.30 LWT News Weekend.

1.00 **ITN News.** Followed by ITV National Weather.
1.10 **Walden,** followed by The Day.
2.00 **Film: The Legend Of The Lone Ranger (1981).**
3.30 **Film: Houdini (1953).** Starring Tony Curtis and Janet Leigh.
5.25 **The British Academy Awards.** Max Boyce and Elinor Jones host this awards ceremony which rewards top productions, artists and craftsmen with the BAFTA award, in the presence of HRH the Princess Royal from St David's Hall, Cardiff.
6.30 **ITN News.**
6.35 **LWT News.**
6.40 **Appeal.** Patricia Routledge appeals on behalf of the charity for the homeless, SHAC.
6.45 **Highway.** Today Sir Harry Secombe visits Thetford in Norfolk and is joined by the group Zig Zag.
7.15 **Trouble In Mind.**
7.45 **Murder, She Wrote.**
8.40 **ITN News.** Followed by ITV National Weather.
8.55 **LWT Weather.**
9.00 **Agatha Christie's Poirot.** The Mystery of Hunter's Lodge. Poirot finds himself on the trail of a ruthless killer on a countryside estate with a little help from man's best friend. Starring David Suchet, Hugh Fraser and Philip Jackson.
10.00 **Find A Family.** The launch of a third campaign by ITV to find homes for children growing up in care. The phone lines will be open tomorrow. The number to ring is 0345-212821.
10.15 **Cool Head.**
10.45 **Film: Letting Go (1985).** In an attempt to accept the traumatic death of his wife, Alex joins a therapy group where he is partnered with Kate, who is trying to rebuild her life after being left by her lover. Can they forget their former partners and find romance? Starring John Ritter and Sharon Gless.
12.35 **The ITV Chart Show.**
1.35 **New Music.**
2.35 **Indy Car Racing.** Molson Indy Toronto.
3.35 **Pick Of The Week.**
4.05 **The Lawless Years.**
4.35 **Adventure.**
5.05 **Wanted: Dead Or Alive.** (B/W).
5.30 **ITN Morning News.**

CHANNEL4

6.00 Trans World Sport. 7.00 The Complete Skier. 7.30 Dr Snuggles. 8.00 The Bluffers. 8.30 Bobobobs. 9.00 Early Bird. 9.25 Mahfil. 10.00 A Week In Politics — Second Reading, including an interview with Peter Lilley, Secretary of State for Trade and Industry. 10.45 Dennis. 11.00 Boom! 11.30 Star Test.

12.00 **The Waltons.**
1.00 **Voyage To The Bottom Of The Sea.** (B/W)
2.00 **Living Music.** The Chamber Orchestra of Europe in concert in the Kammermusiksaal of the Philharmonie Berlin, featuring Overture to Cenerentola by Rossini; Prokofiev's Peter and the Wolf and Ravel's Mother Goose Ballet, conducted by Claudio Abbado.
3.15 **Schu-Man.** Film about a Belgian graduate who sets up in business as a shoe-shine boy outside the European Common Market headquarters in Brussels.
3.35 **Film: Craig's Wife (1935).** starring Rosalind Russell and John Boles. (B/W)
5.00 **Scottish Eye.** The heritage industry is booming in Scotland with millions of pounds of public money going into the restoration of castles and historic mansions but is the public getting value for money?
5.30 **Kerplat!**
5.45 **Grim Tales.**
6.00 **Press Gang.**
6.30 **The Wonder Years.**
7.00 **Channel 4 News.**
8.00 **Maestro.** Starting a celebration of the history of music in Venice, presented by John Julius Norwich and musicologist H C Robbins Landon. Today, a look at the uncle and nephew team of Andrea and Giovanni Gabrieli who created the first modern orchestra.
8.00 **The Media Show.** Emma Freud talks to journalists, industry figures, performers and record producers about the dramatic changes in the music industry over the last decade with the emphasis moving from new talent to golden oldies, singles to CDs, tours to videos and from music to product.
9.45 **Film: Zelig (1983).** Starring Woody Allen and Mia Farrow. (B/W and Colour)
11.15 **Layla Ma Raison.** In this Tunisian film, a 7th-century Arabic love story, Qays, a young poet falls in love with Layla but their love is tragically forbidden. (With English subtitles).

REGIONS

S4C as Channel 4 except
12:55 Acen. 1:20 O Bedwar Ban. 1:30 Swrw Mleen. 2:00 Return To The Jade Sea. 3:00 Cutting Edge. 4:00 Film: This Day And Age. 5:30 Sinfonietta II. 6:30 Orim Tales. 6:45 San Steffan. 7:00 Newyddion. 7:10 Holl Hwn A Holl Liall. 0:00 Hel Straeon. 8:30 Dechrau Canu, Dechrau Canmol. 9:00 Mwy Na Phapur Newydd. 9:45 Ffiniau 4. 10:05 Women In Tropical Places. 11:50 The Media Show.

IBA Regions as London except at the following times:-

ANGLIA
12:30 Farming Diary. 2:00 Members Only. 2:25 The World Of Golf. 2:55 Film: Herbie Rides Again. 4:30 Highway To Heaven.

BORDER
12:30 Conference Report. 12:55 Border News. 2:00 Gardening Time. 2:30 Katts And Dog. 2:55 Film: After The Promise. 4:55 Bullseye. 6:35 Border News. 10:45 Country In Concert.

CENTRAL
12:30 Gardening Time. 12:55 Central News. 2:00 Charlie's Angels. 2:55 Film: Shane. 5:15 Cartoon Time. 6:35 Central News.

CHANNEL
12:35 Les Franzcais Chez-vous. 12:50 Tele-journal. 1:10 Walden. 6:35 Channel News.

GRAMPIAN
10:45 Pick A Number. 11:15 Link. 11:30 Sunday Service. 12:30 Conference Report. 12:55 Grampian Headlines. 2:00 Coronation Street. 3:00 Viv On Sunday. 4:00 Bullseye. 4:30 Scotsport. 6:35 Grampian Headlines. 10:45 Prisoner: Cell Block H. 11:40 Alfred Hitchcock Presents.

GRANADA
12:30 Granada This Week. 2:00 First Division Special. 2:55 Film: Carry On Nurse. 4:30 Coronation Street. 6:35 Granada News. 10:45 Barry Manilow - Live On Broadway.

HTV WEST
12:30 West Country Farming. 2:00 HTV Newsweek. 2:30 Here Come The Double Deckers. 2:55 Film: Value For Honey. 4:00 Faster Than The Wind. 4:30 Highway To Heaven. 5:25 The British Academy Awards. 6:35 HTV News.

SCOTTISH
10:45 Glen Michael's Cartoon Cavalcade. 11:15 Link. 11:30 Sunday Service. 12:30 Crann Tara. 12:55 Scotland Today. 2:00 Scottish Supplement. 2:30 Bullseye. 3:00 Viv On Sunday. 4:00 Far Ne Duillaig. 4:30 Scotsport. 6:35 Scotland Today. 10:45 Ice Hockey. 11:15 Off The Page.

TSW
12:30 Farming News. 2:00 Coronation Street. 2:55 Film: Shane. 5:15 Cartoon Time. 6:35 TSW News. 10:45 Barry Manilow.

TVS
12:30 TVS News. 12:33 Agenda. 6:35 TVS News.

TYNE TEES
12:25 Breakthroughs. 12:55 Regional News. 2:00 The Spectacular World Of Guinness Records. 2:55 Film: A Day To Remember. 4:30 Coronation Street. 10:45 Prisoner: Cell Block H.

ULSTER
12:30 Gardening Time. 12:55 Ulster Newstime. 2:00 Guinness Book Of Records. 2:25 Sportsbeat Special - Adrian In The Alps. 2:55 Film: Carry On Nurse. 4:30 Coronation Street. 6:35 Ulster Newstime. 10:45 Boxing.

YORKSHIRE
12:25 Goals On Sunday. 12:50 Calendar News. 2:00 The Life And Times Of Grizzly Adams. 2:55 Film: Dark Victory. 6:35 Calendar News. 10:45 Alfred Hitchcock Presents. 11:10 Scrumdown.

RADIO

SATURDAY

BBC RADIO 2
4:00 Dave Bussey. 6:00 Graham Knight. 7:45 Take 2l. 8:05 Ronnie Hilton. 8:00 Brian Matthew. 10:00 Anne Robinson. 12:00 Gerald Harper. 1:30 The News Huddlines. 2:00 Robin Ray On Record. 3:00 Gerry Anderson. 4:45 Brian Sharp. 5:00 Cinema 2. 0:30 Screenplay. 6:00 Encore. 7:00 Jazz Score. 7:30 Saturday Gala Night. 9:30 Easy Does It. 10:00 The Radio 2 Arts Programme. 12:05 Cinema 2. 12:30 Len Jackson Presents Night Ride. 3:00 A Little Night Music.

BBC RADIO 3
6:55 News Headlines.
7:00 Morning Concert.
8:30 News.
8:35 BBC Scottish Symphony Orchestra.
9:30 Saturday Review (Vocl).
1:05 News.
1:05 Peter Rosel.
2:10 BBC Welsh Symphony Orchestra.
3:45 Tuning Up.
5:00 Jazz Record Requests.
5:45 Third Opinion.
6:30 Der Rosenkavalier.
10:30 Third Ear.
11:15 Shows And Nightly Revels.
12:00 News.
12:05 Close.

BBC RADIO 4
6:00 News Summary.
6:10 Farming Week.
6:50 Prayer For The Day.
7:00 News; Today.
9:00 News.
9:05 Sport On 4.
9:30 Breakaway.
10:00 News; Loose Ends.
11:00 News; The Week In Westminster.
11:30 Europhile.
12:00 Money Box.
12:25 The News Quiz.
12:55 Weather.
1:00 News.
1:10 Any Questions?.
1:55 Shipping Forecast.
2:00 News; Any Answers?.
2:30 Saturday Playhouse.
4:00 News; Birth Of Europe.
4:30 Science Now.
5:00 Conversation Piece.
5:25 Week Ending.
5:50 Shipping Forecast.
5:55 Weather.
6:00 News; Sports Round-Up.
6:25 Citizens.
7:10 Stop The Week.
7:45 Classic Serial.
8:45 Kaleidoscope.
9:10 Music In Mind.
9:30 Ten To Ten.
9:59 Weather.
10:00 News.
10:15 Open Mind.
10:45 Letter From Berlin.
11:00 Richard Baker Compares Notes.
11:30 Girls Will Be Girls.
12:00 News.
12:33 Shipping Forecast.
12:43 Close.

BBC RADIO 5
6:00 World Service.
6:30 News; Sport; Morning Edition.
9:02 On Your Marks.
12:00 News followed by Sports On 4 Plus 1.
12:30 Sportscall.
1:30 Sport On 5.
6:00 News And Sport.
6:25 As Radio 4.
10:00 Sport.
10:15 As Radio 4.
11:05 Sport.
11:10 World Service.
12:00 Sport.
12:10 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHz (463m) at the following times GMT:
6:00 Newsdesk. 6:30 Londres Matin: News And Press Review In French. 6:59 Weather. 7:00 World News. 7:15 24 Hours: Extended Edition. 7:30 World News. 7:45 On The Record. 8:00 World News. 8:09 Words Of Faith. 8:10 A Jolly Good Show. 9:00 World News. 9:15 A Taste Of Soul. 9:30 Financial News. 9:39 Sports Roundup. 9:45 Network UK. 10:00 News Summary. 10:01 Here's Humph!. 10:15 Letter From America. 10:30 People And Politics. 11:00 Newsdesk. 11:30 Midi Magazine. 11:50 Travel News. 12:00 World News. 12:09 News About Britain. 12:15 Multitrack 3. 12:45 Sports Roundup. 1:00 World News. 1:09 Twenty-four Hours: Extended Version. 2:00 News Summary. 2:01 Letter From America. 2:13 Multitrack 3. 12:45 Sports Roundup. 1:00 World News. 1:09 Twenty-four Hours: Extended Version. 2:00 News Summary. 2:01 Letter From America. 2:15 Club 648. 2:30 Sportsworld. 3:00 World News. 3:10 Sportsworld. 4:00 World News. 4:09 News About Britain. 4:10 BBC English. 4:30 News And Features In German. 4:58 Travel News. 5:00 News Summary. 5:01 Sportsworld: Final Results. 5:30 Londres Soir. 6:14 News Headlines In English. 6:10 BBC English. 67:30 Heute Aktuell. 7:00 German Features. 7:54 News In German. 8:00 World News. 8:09 Society Today. 8:25 Words Of Faith. 5:30 Meridian. 6:00 News Summary. 5:01 Sports Roundup. 9:10 Short Story: Rumki. 9:30 From Our Own Correspondent. 9:50 Write On.... 10:00 Newshour. 11:00 World News. 11:05 Words Of Faith. 11:10 Book Choice. 11:10 A Jolly Good Show. 12:00 Newsdesk. 12:30 The Ken Bruce Show. 1:00 News Summary. 1:01 Play Of The Week: Affair. 2:00 Newsdesk. 2:30 Call Me When You're In Something. 3:00 World News. 3:09 News About Britain. 3:15 Society Today. 3:30 From Our Own Correspondent. 3:50 Write On.... 3:55 Weather. 4:00 Newsdesk. 4:30 Personal View. 4:45 News and Press Review In German.

SUNDAY

BBC RADIO 2
4:00 David Allen. 6:00 Graham Knight. 7:30 Don Maclean. 9:00 Richard Baker. 11:00 Desmond Carrington. 2:00 Benny Green. 3:00 Alan Dell With Sounds Easy. 4:00 Palm Court Time. 4:30 You Can Sing The Next Song. 5:00 Charlie Chester. 7:00 John Lawrensen. 8:00 London Winds. 5:50 Sunday Half-Hour. 9:00 Alan Keith. 10:00 Radio 2 Arts Programme. 12:05 Personal Choice. 1:05 Len Jackson Presents Night Ride. 3:00 A Little Night Music.

BBC RADIO 3
6:55 News Summary.
7:00 Morning Concert.
8:30 News.
8:35 Music From The Dresden Court.
9:10 Isaac Stern And Friends.
10:10 Music Weekly.
11:00 From The Proms 1990.
12:40 Replay.
1:00 News.
1:05 Your Concert Choice.
2:30 Schubert Song Recital
4:25 Bach.
5:00 Soundings.
6:00 The Handmaid Of The Lord.
7:00 Brahms.
7:30 Undiscovered Country.
9:20 Studio 7 Concert.
10:25 Tokaca String Quartet.
11:15 Schumann.
12:00 News.
12:05 Close.

BBC RADIO 4
6:00 News Summary; Weather.
6:10 Prelude.
6:30 News; Morning Has Broken.
6:50 Weather.
7:00 News.
7:10 Sunday Papers.
7:15 On Your Farm.
7:40 Sunday
7:50 The Week's Good Cause
7:55 Weather.
8:00 News.
8:10 Sunday Papers.
8:15 Letter From America.
9:30 Morning Service.
10:15 The Archers.
11:15 News Stand.
11:30 Pick Of The Week.
12:15 Desert Island Discs.
12:55 Weather.
1:00 The World This Weekend.
1:55 Shipping Forecast.
2:00 Gardeners' Question Time.
2:30 Talking Heads.
3:05 Imaginary Friends.
3:30 The Radio Programme.
4:00 News; Analysis.
4:47 Time For Verse.
5:00 News; Down Our Way
5:40 Dragons Of A Feather.
5:55 Shipping Forecast.
5:55 Weather.
6:00 News; Sports Round-Up.
6:15 The Professionals.
6:30 Europhile.
7:00 In Business.
7:30 Bookshelf.
8:00 Punters.
8:40 Reading Aloud.
9:00 Enquire Within.
9:15 The Natural History Programme.
9:59 Weather.
10:00 News.
10:10 Tradition V Change.
11:00 In Committee.
11:30 Seeds Of Faith.
12:00 News.
12:33 Shipping Forecast.
12:43 Close.

BBC RADIO 5
6:00 World Service.
6:30 Meridian.
7:00 News.
7:30 Sunday Edition.
8:00 Sport.
9:02 This Family Business.
10:30 Education Matters.
11:00 Sport.
11:02 A Century Remembered.
11:30 The Price Of Greens.
12:00 Sport.
12:03 Open University.
2:00 Sport.
2:02 As Radio 2.
2:00 Sunday Sport Extra.
6:02 As Radio 4.
6:00 Sports Round-Up.
6:10 Bob Hatton Rattle.
6:40 Fanshawe On Five.
7:20 Open University.
9:00 Nightbeat.
9:30 Across The Line.
11:00 Sport.
11:05 World Service.
12:00 Sport.
12:05 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHz (463m) at the following times GMT:
5:00 German Features. 5:35 News In German, Headlines In English And French. 5:47 Press Review. 0:52 Financial Review. 5:56 Weather And Travel News. 6:00 Newsdesk. 6:30 Londres Matin. 6:59 Weather. 7:00 World News. 7:09 Twenty-four Hours. 7:30 From Our Own Correspondent. 7:50 Write On.... 8:00 World News. 8:09 Words Of Faith. 8:15 Music For A While With Richard Baker. 9:00 World News. 9:15 Backing The Canvas: The Curator. 9:38 Financial Review. 9:40 Book Choice. 9:45 Society Today. 10:00 News Summary. 10:01 Science In Action. 10:30 In Praise Of God. 11:00 Newsdesk. 11:30 Midi Magazine. 11:50 Travel News. 12:00 News Summary. 12:01 Play Of The Week: Affair. 1:00 World News. 1:45 Sports Roundup. 2:30 News Summary. 2:01 Bread And The Begging Bowl. 2:30 Anything Goes. 3:00 World News. 3:15 International Recital. 4:00 World News. 4:09 News About Britain. 4:15 BBC English. 4:30 News And Features In German. 4:59 Travel News. 5:00 World News. 5:09 Book Choice. 5:15 Club 648. 5:30 Londres Soir. 6:14 News Headlines In English. 6:15 BBC English. 6:30 News And Features In German. 7:54 News In German. 8:00 World News. 8:09 Personal View. 5:25 Worlds Of Faith. 8:30 Ned Sherrin's Counterpoint.

CHESS

SOME chessplayers vary their openings, while others are faithful to their pet systems for years on end. The advantage of the latter approach is in-depth knowledge plus a psychological edge over opponents who suddenly realise they have fallen into a prepared line.

Michael Franklin, a former England international and Surrey champion, always plays the Colle System, an attack devised in the 1920s by a Belgian grandmaster. Its concept is simple; White develops fast behind a restricted pawn centre, opens up by e4, then aims his pieces at the black king.

Franklin knows every finesse of the Colle, which here scores an elegant miniature win (M J Franklin, England, White; L Denis, France, Black; Colle System; Foreign & Colonial Hastings Challengers 1990-1).

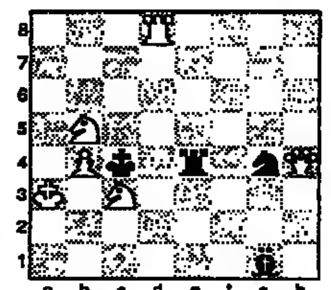
1 d4 Nf6 2 Nf3 c5 3 e3 e6 4 Bd3 Be7 5 0-0 0-0 6 c3 d5 7 Nbd2 Nc6 8 Qe2 b6 9 Re1 Bb7 10 dxc5 Bxc5 11 h3.The last preparation for e4, stopping Ng4. Re8? Weakens the king's defences. Better is Ne7,planning 12 e4 dxe4 and exchange of several attackers.

12 e4 e5 13 exd5 Nxd5 14 Ne4 Bf8 15 Bg5 f6 16 Rad1! A brilliant idea. If Black declines the bishop,Bc4 is an awkward pin. fxg5 17 N3xg5 h6 18 Qh5! So that if hxg5 19 Nxg5 Nf6 20 Bc4+ forces mate. N6e7 19 Qf7+ Kh8 20 Qe6! Resigns. The finish would be hxg5 21 Nxg5 Qc8 22 Nf7+ Kg8 23 Nh6+ Kh8 24 Qg8+! Nxg8 25 Nf7 mate, or an alternative version Qc8 21 Nf7+ Kg8 22 Nxh6+ Kh8 23 Qg8+ Nxg8 24 Nf7+ Kh7 25 Nf6 mate.

Battles of Hastings, by Reg Cload, with games selected by Raymond Keene (Pergamon,£9.95) is an evocative account of the chess world's longest running annual congress.

CHESS No 863

BLACK 4 MEN



WHITE 5 MEN

White mates in two moves, against any defence (by A W Daniel). The black king is trapped, but White's difficulty is to find the right approach for a decisive check.

Solution Page XVIII

Leonard Barden

BRIDGE

THERE ARE more exploits of the bridge-playing monks of St Titus to delight us. Terence Reese and David Bird have produced *Cardinal Sins*, published by Gollancz at £10.99. You really must not miss it.

The Abbot's team has arrived for the Pachabo Cup final. This hand occurs in the first match against a fairly weak team. Mr and Mrs Slythe sit North-South:

N
♠ 9 4 3
♥ K Q 6 4 3
♦ Q 10
♣ Q 10 3

W
♠ A 8 6 2
♥ 8 5 2
♦ K J 8 7 5 2
♣ –

E
♠ K 10 5
♥ A 10 9 7
♦ 3
♣ 9 8 6 4 2

S
♠ Q J 7
♥ J
♦ A 9 6 4
♣ A K J 7 5

With North-South vulnerable South deals and bid one club, West overcalls with one diamond, and North says one heart. South rebids two no trumps and North raises to three.

Brother Xavier opens with the two of spades. Thankful that his partner has not led a diamond, the Abbot wins with the king, and returns the 10. South's queen is allowed to hold, and declarer plays his heart knave. The Abbot ducks, and the declarer crosses to the club queen to lead the heart king. East wins, and returns his last spade. West makes two tricks, but the declarer claims the rest.

"Not bad," says the Abbot. "On a diamond lead South makes an overtrick." "A diamond return from you instead of the spade 10 defeats the contract," says his partner. "That's right," says South, "If I run the diamond, West wins, and returns a low spade; if I take it, I must lose two diamonds,two spades, and one heart."

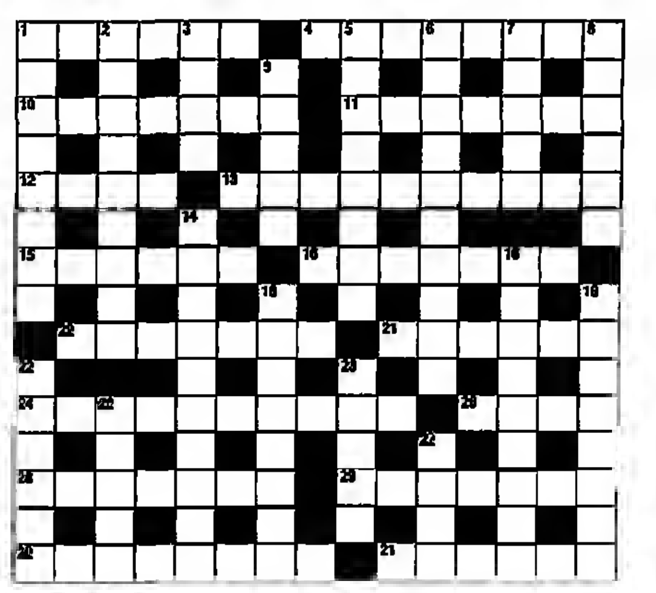
"As it happens," said the Abbot, "but what an absurd defence."

E P C Cotter

CROSSWORD

No. 7,489 Set by DINMUTZ

Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday March 20, marked Crossword 7,489 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday March 23.



Name...

Address...

ACROSS
1 Contest in which striker is in current form? (6)
4 One set to guard in semi-shadow? (5-3)
10 Receiving no pay, partner takes half an hour (7)
11 Not entirely drunk, several excessively servile (7)
12 Garden-tool for making progress (4)
13 Wee Willie Winkie's late duty in this gear? (10)
16 Meat to fry around last of the bonfirs (6)
19 Crooked sort of cowl fitted to chimney (7)
20 Sell kit for reassembling as frying-pan (7)
21 Dives and plunges (5)
24 Prairie-song heard from choir (10)
26 Queen of Carthage achieved nothing (4)
28 Bright red borders in study (7)
29 A practical sort with regard to a tip? (7)
30 To take stock anew, soldiers need pack-animals (8)
31 Familiar, half-day closing? (6)

DOWN
1 Abuse of help put up before clan (7)
2 Atrocious knave of twenty-one (9)
3 Huntsmen return empty (4)
6 Child averse to blood-sports? (8)
5 Spray below when rocket returns? (10)
7 Sub-continental middle gear (5)
8 How Sandy weeps, but receives warmly! (6)
9 Followers of guide? (5)
14 Hay-fever rattles nose-ring — pills ordered (10)
17 Old Dutch killing? (9)
18 I think of the old days (8)
19 Miscellaneous trades, so scattered (8)
22 A man for all seasons, say? (6)
23 Boojum in tin and wooden vessel (5)
25 Personality of beast with no tail (5)
27 Hindemith's opening song can be a shock (4)

Solution to Puzzle No.7,488

Solution and winners of Puzzle No.7,477

Mrs N.H. Hall, Ponteland, Newcastle upon Tyne; H.V. Owen, Haywards Heath, W. Sussex; Mrs B. Sanders, Harpenden, Herts; Mrs G.L. Smith, Parkhead, Sheffield; D.J. Spencer, Mainstone, Plymouth.

Trevor Humphries

Private View

The moralist locked inside the playboy

*Gossip columnist and millionaire Taki Theodoracopulos tells **Christian Tyler** why he does not like the rich*

PLAYBOY IN the penitentiary. Merchant prince slops out. High-Life Hubris Meets Its Nemesis In The Nick . . .

The gloaters had a field day when Taki Theodoracopulos, the Greek multi-millionaire and *The Spectator* columnist, was tossed into Pentonville prison for carrying 20 grammes of cocaine through Heathrow airport.

That was more than six years ago. This week, the former convict published his reply, *Nothing To Declare*, an account of the two and a half moothe he spent in one of Britain's toughest jails.

The gloaters are in for a shock. Taki's memoirs contain, as you would expect, a certain amount of showing off and a lot of famous names, from Joan Collins to Juan Carlos, J.K Galbraith to Richard Nixon.

Bnt it is obvious that Taki (as he always calls himself) took his medicine like a man. Not one word of whining will you find. The book consists of a prison diary, kept secretly, interspersed with memories of life on the outside. It is well written. What is more, it reads like the truth. Taki is more candid about himself than ever his enemies could be.

We pen-pushers are always on the look-out for a juicy cootradiction if we cannot dig up a full-hlown paradox. Taki's life has furnished plenty of them. He is a wealthy man who attacks the rich, a name-dropper who despises social climbers, a sportsman of world class who trains in nightclubs, a drug user – former drug user, I ehould say – who inveighs against the drug circuit, a war reporter with beautiful manners, a Don Juan with a high moral tone.

Taki the columnist I felt I knew. So it was the other Taki I went looking for early the other morning et 11. It was plain both were at home: an empty milk bottle stood beside an empty champagne bottle on the step outside the Knightsbridge flat.

The author was unshaveo but charming, shorter than I had imagined and more obviously Greek. He talked expressively but not all that fluently – it was early in the day, perhaps – occasionally asking to be helped out with English: it is, after all, only his third language. He has a good memory, good brains, strong views. Yet beneath the charm I thought I detected a lurking egitation, and there was much resort to the self-deprecating laugh.

I asked him whether prison had changed his way of life.

"You certainly wouldn't catch me with anything going through the borders, that's for sure. Nohody's going to ever catch me with that stuff on me again.

"You don't know the deep shame I have. I made fun for ten years of all those fools who used to sit there and do that goddam thing (snort cocaine) There's nothing more ridiculous. You look awful. And then to get caught . . ."

What about drinking and living it up generally?

"No, I drink even more now."

In his book, Taki says the demons in him are sedated, but he puts it down to age (he is 53), not jail. "The others go to health farms. I went to prison," he said.

"I don't get so excited going out every night to s nightclub. I still get very excited when I see a young girl around. Bot the moment she resists I give up now."

Your friends said prison hardened you . . .

"I'll tell you what it's like. Have you ever seen a soldier that's coms hack from combat? Even if you threaten to beat the hell out of them they don't care because after combat a fist-fight in a night club is a joke."

Taki was once neatly described as a moralist in the guise of a gossip. I asked him: Are you sure it's not the other way round?

He laughed. "That's up to you to know. I don't know."

I persisted.

"Don't forget I spread the rumour of this drunken, buffoon-like figure because it goes very well with the image in the column. The reader gets used to this. I like to think that I've always heen responsible. As Frank Sinatra said, if I drank and fornicated as much as I pretend to, I'd be in a jar in the Massachusetts Institute of Technology."

But what of his apparent distaste for the rich, for celebrities, social climbers and especially royalty?

"Well if I was a Jewish psychiatrist I'd say self-loathing. But I don't see much in my bad behaviour in common with their bad behaviour. I don't want to be known for that, I want to be known for writing. I don't know what it is. I just hate the modern world."

Bad behaviour is OK as long as it doesn't hurt other people?

"Exactly. Well, you said it. As long as you don't run roughshod over somebody. I mean who cares what I do to my body? It's my body and I'll do what I like to it."

But you drop names left, right and centre.

"Well, yes. Why is it OK for Jeffrey Bernard to drop names of those low-lifers he sits around with in a pub and I can't. I'm sorry , hut my friends happen to have some names. I mean, I don't do it to impress.

"I heard one of those horrihle Hoorays say once 'Taki would like to be an English duke.' I took it so badly. How is that possihle? I'm Greek. I'm not like some dumh Englishman who's only worn e signet ring."

But if you've got it, as they say, why not flaunt it?

"Because first of all it makes people unhappy if they haven't got it. Second of all there is a certain Christian reticence that one has to have. The day you get out of jail you don't start jumping up and down because other people are staying in there." (The day Taki was released from Pentonville, he had a quiet lunch at the Ritz followed by a quiet dinner at Claridge's).

"My nightclnbbing is usually with spivs of course. I don't get along with the rich. In fact I have no rich friends, close friends."

What is it about them?

"Well, I think they're arrogant. Mostly, of course, it's selfishness. Rich people are usually selfish."

But you've been pretty selfish?

"Not with my friends. I don't think so. Show me an example."

Well, I said, womanising is a form of selfishness.

"I certainly don't think so. You say that because you're English. In Greece, it'e a matter of honour. Of course. The more the better. I remember my father's last instructions, his first instructions, were get as many women as possible. That's part of being Greek, yon know. We're very proud of it." But you used your money to have a good time.

"Yes." And . . . what else?

"We don't, unlike many of our great Jewish brethren in America, we don't advertise what we give eway and we don't even ask for a tax exemption."

Do you do good on the quiet?

"Of course." Taki was reluctant to talk about it, but finally said he gave a lot of money to the blind, in America and Greece.

To know Taki, I suspect, you must have known his father, who died recently. He refers to him constantly, with affection and reverence. He dreams about him. As he said: "If anybody's obsessed with their father, it's me."

It was because Taki lied to his father about the reason for his jail sentence that he could not publish the book until the old man was dead. (He may also have feared for his inheritance). Along with the bulk of the hotels, textiles and shipping empire he inherited his father's dislike for ostentation and for what he calls "the cheap shot."

The son's virulent anti-communism dates from childhood memories of the communist harassment his and other rich families suffered in Greece after hraving the Nazi occupation. His unashamedly reactionary (he doesn't like "right-wing") admiration for authoritarian regimes, such as Franco's in Spain or the colonels' in Greece, may have the same root. His heroes are Mishima, the Japanese writer, Napoleon ("of course") and men of action such as Patton and Guderian, the German Panzer commander. Taki's time in jail has not affected his distrust of the penal reformers, "bleeding hearts" and liberals in general.

"My father was very decent. He never did an undecent thing in his life. He drank a lot, chased a lot of women, but was never once petty. He always gave, gave, gave. I like to think that's the one good thing a privileged backgronnd gives you. There were no excuses at home."

Is there something you'd like to be remembered for apart from being a playboy and writing well about it?

"Obviously, yeh. Well, I'd love to have . . . I'm trying to think. I'm very obsessed with personal courage and all that. People play it so safe nowadays. The Americans refusing to fly makes me laugh. They won't even go to Palm Beach.

"I admire my father because he was very brave, foolhardily brave, and I would like my children to think the same.

Taki has been married twice and has two young children. It is obvious he dotes on them and has been as fearful as their mother, the former Princess Alexandra Schoenburg, of the effect on them of his prison sentence.

"I think it was Virginia Woolf who said nothing counts a lot and very little counts at all. Unfortunately, that's how life is. That's the revenge on great men. Once they're dead, it's finished. Do you think of Thomas Edison every time you switch the light on? The only ones who remember you are your children." Like father, like son.

■ *Nothing to Declare, Viking, £15.99.*

You read it here first

Michael Thompson-Noel

"To some extent reporters are exchanging the traditional commodity of fact for the new merchandise of guesswork . . . In the age of information, events are conveyed as they happen, unmediated, to the public . . . the journalist ceases to be a "reporter" and moves over increasingly to speculation. – Christopher Dunkley, FT, February 27.

CHRISTOPHER the Great is right, of course. As sportswriters realised long ago, and other journalists are discovering, it is essential, these days, to stay ahead, ahead, *ahead*.

Take the British budget. I will not be in London on March 19 when the chancellor of tha exchequer, Norman Lamont, makes his budget speech. I will be in St Kitts, or somewhere remarkably like it. Yet downcast I am not. Anxious to pull my professional weight, I spent part of this week ringing various celebrities to get their budget reactions – their pre-post-budget quotes, I think we should call them. This is what they said:

HAWKS & HANDSAWS

Prime minister John Major: "Thankyou very much for asking me my opinion. I think you will agree that the government has gone out of its way in this budget to be fair and even-handed – a hit here, a hit there, for every man, woman and child. The government has stirring tasks ahead of it, but is happily well placed to build on the undoubted successes of the immediate past. I mean, we're only *technically* in recession at the present time anyway. British industry has never been healthier. It is only the media that see storm clouds overhead. The rest of us are basking in sunshine. That is why I will be calling an election in June. Thankyou very much for speaking to me, and God hless you!"

Chancellor Norman Lamont: "This was my first budget, and one of which I am inordinately proud. With budgets like this the Conservatives will be in power until well past 2000. We fight! We fight on!"

Opposition leader Neil Kinnock: "I must say I find this a deeply statesmanlike budget, thoughtful and well crafted, caring and finely calculated, yet a budget that goes out of its way not to alienate the rich and privileged. The decision to cut capital gains tax and boost VAT was particnlarly sensitive, thoughtful and statesmanlike. I should like to take this opportunity of congratulating the prime minister, the chancellor and all the spending ministers for their valiant, untiring, patriotic and statesmanlike..."

Shadow chancellor John Smith: "An extremely good budget. I could not have done better myself."

Liberal Democrat leader Paddy Ashdown: "As a contribntion to statesmanship I rate this hudget extremely highly. The Liberal Democrats are the party for the third millennium. In the meantime a constructive, caring, statesmanlike budget like this will boost national morale, reduce the trade gap, revitalise property prices and help heal the wounds of Thatcherism."

Transport secretary Malcolm Rifkind: "Go away! You are rude about me week in and week out. Go away! Go away!!"

Opposition transport spokesman John Prescott: "This budget is a disgrace and an outrage. I say that categorically and without qualification. Given the parlous state of transport in Britain it is a disgrace the way this government shirks its responsibilities so cravenly and outrageously. I am calling for a top-level inquiry at the earliest opportunity and will make a statement in the House. The people of this country . . ."

The tronble with politicians' quotes is their lucent predictability. So I sought, as an antidote, a few pre-post-budget quotes from the sharp end of British novel-writing. This is what I got:

Alexander Stuart, author of The War Zone, etc: "What did we expect? We have political and aesthetic masters whose idea of taste is anaglyphic wallpaper in a nice house on a mock Tudor estate. So stuff it."

J G Ballard: "Never mind the budget, what about the real world? Hundreds of palm trees are rising in suburban gardens and London is sealed off by dense groves of bamboo. The sky is cyclamen. I can see from my window the flickering plumage of bizarre hirds, and the first naked people. I am certain now that vice in this world is a metaphor for virtue in the next. Only through extreme metaphor will we make our escape."

Martin Amis's secretary, Martin himself being locked in a scriptwriters' conference out there in Hollywood: "Mr Noel? Hi there. I know yon're time-urgent on this, so . . . *aussitôt dit, aussitôt fait:* Martin says the hodget is another sign of things winding down. The universe is heading for heat death anyway. He hopes there are parallel universes, that alternatives exist. What Martin wants to know is – who stitched us up with all these design flaws in the first place? Entropy, time's arrow, ravenous disorder. A designer universe: a dog, a pup, a dud. That's what Martin says, Mr Noel. I'll fax you the full version. *Arrivederci!*"

Kingsley Amis: "Sod off you little squirt."

I still felt there was something missing from my round-up of pre-post-budget quotes, so I turned to the king of the sportswriters, the *Observer's* Hugh McIlvanney, to make sense of Norman Lamont's performance.

"Withont being harsh," said Hughie, "it can be argued that any attempt to analyse the bndget comes down to a critical understanding of limitations. Norman Lamont has not yet done anything with the economy to indicate that he can rise dramatically above the foothills of achievement to which recent chancellors have been confined. To make his mark among the pros, Lamont has got to start positioning himself so that he can get painful hooks into the bodies of his opponents as well as their heads. He must bend his knees, get more of a side angle, point his shoulder at his man and tuck his chin away. Lamont may be the Lennox Lewis of recent Tory chancellors. Muhammad Ali he is not."

SPORT

Soccer/**Philip Coggan**

England's stout yeoman

SHOULD industrious historians ever discover the archetype of the "stout yeoman of England," it is a fair bet he will resemble Stuart Pearce. The Nottingham Forest and England left back looks like the sort of chap who defeated the French at Agincourt or manned the decks under Sir Francis Drake.

His play is not pretty or full of the flashy touches that distinguish Paul Gascoigne. But when Pearce tackles forwards, they stay tackled; when he runs up to take a free kick, defenders cower.

Before last summer's World Cup finals in Italy, Pearce was seen as an adequate, but by no means permaoent, member of the England side. Several commentators expressed doubts about his ability to time his crunching tackles and feared that he might be booked, or sent off, if he transgressed.

After the World Cup, he is a fixture in the side. The irony is that his reputation has increased, in spite of his demoralising miss in tha penalty shoot-out against West Germany in the World Cup semi-finals.

Most people would have counted on Pearce to score. He had taken penalties for Forest on a regular basis and he seems an unflappable character. But he has rebounded well enough from that disappointment for some to talk of him as a potential player-of-the-season. This has much to do with his attacking potential. When Forest are struggling, Pearce often seems to represent their best chance of a goal.

The other week Forest were drifting out of the FA Cup after a lack-lustre display at Southampton. Pearce suddenly unleashed a left-foot shot from 35 yards which beat defenders and goalkeeper aod rehounded off a post, to Steve Hodge who scored the equalising goal. In Monday'e replay, surging runs by Pearce down the left led to Forest's first and third goals. The cluh's Cup run owes much to the inspiration of its captain.

David Pleat, the former Tottenham manager, excitedly eulogised Pearce during his radio commentary on last Monday's game. "I doo't think I've seen a defender with so much attacking influence in the Eoglish game. He almost bruises the ball with his power. It's quite amazing how one player can have such an infinence on the team."

The 28-year-old Pearce has had only one League club apart from Forest – Coventry. So he must owe a lot to the influence of maverick manager Brian Clough, who has many times before demonstrated his ability to turn hitherto unsung players into stars.

In soms respects, Pearce sits rather apart from the rest of Brian Clough's team, which is known for its subtlety. He was, at the start of the seasoo at least, the heaviest outfield player in the side. At 12st 9lb he is more the weight of a central defender and indeed is heavier than either of the England centre backs, Des Walker or Mark Wright.

Brian Clough has been perfectly willing to use the traditional English centre back (Larry Lloyd) or centre forward (Lee Chapman) – heavy in build but often rather clumsy in execution. But the current side occasionally looks as if it might blow away in a high wind.

Clough has been known to use Gary Crosby (5ft 7ins and under 10st) as the sole striker, while the main attacking force in recent weeks has been son Nigel (5ft 9ins and 11st). In this company, Pearce sometimes looks as if he is the sixth former drafted in to protect his little brothers from the school bully.

Forest's Stuart Pearce

Pearce's maturity this season is illustrated by his emergence as the after-match spokesman for the Forest team. I cannot remember seeing him interviewed on screen before this season, yet suddenly he is cropping up everywhere, even on that Hall of Fame for British athletes, *A Question of Sport*.

This has brought two surprises, for me at any rate. The first was the accent. The whole look of Pearce suggests that he ought to have the burr of a West Country farmer, or at least the resolute tones of a Yorkshire miner. Instead, as a man born in Shepherds Bush, he has the familiar, if none too inspiring, London accent.

A more pleasant surprise has been his sense of humour. All Pearce now needs to complete the transition from backroom boy to national star is to show more of his attacking flair at England level. The team certainly needs it.

Tennis/**John Barrett**

Seles leads the new world order

DURING THIS week Yugoslavia's Monica Seles has displaced Steffi Graf as the world's number one player after an unbroken reign of 105 weeks hy the German since she displaced Martina Navratilova in August 1987. Thus, at 17 years and three months, Monica becomes the youngest woman ever ranked No 1 in the world and the first player of either sex from her country to reach that summit. Perhaps, then, this is the moment to reflect on some of the changes that heve occurred within world tennis during the last decade.

As the competitive game has spread to all the developed countries, and more underdeveloped ones through the sterling efforts of Doug McCnrdy and his International Tennis Federation coaching teams, the most significant development at the professional level has been the eclipse of the US.

Over the years the US has consistently produced more great tennis players than any other nation. But recently the race has become so tough that their dominance is threatened. A comparison between the season-ending ranking lists of 1980 and 1990 confirms the point. Ten years ago there were six American men ranked in the top ten, 12 in the top 20, and 41 among the top 100. Today there are only about half as many. The comparative figures for 1990 are 3, 7 and 22.

The decline is even more spectacular among the women. In 1980 six of the top 10 women were Americans. There were nine among the best 20, and an impressive 59 among the best 100. Today the figures read: 4, 5 and 27. Yet the present generation of young Americans is no worse than the previous one. Indeed Jennifer Capriati, at 14, is probably the best youngster for her age there has ever been and at No 8 in the world the youngest ever to reach the top ten. But as the game has developed, the rest of the world has caught up with the US. In the top ten, as well as four Americans there was one representative each from Germany, Yugoslavia, Argentina, Bulgaria, Spain, Switzerland . . . yes, Switzerland. Here is a trivia question: who is she and what is unusual about her position?

The men's list is equally diverse. Last December Stefan Edherg became the third Swede to head the year-end rankings. Today the competition from nations once considered minor is intense. In the 1990 list the three Americans were joined by one player each from, Czechoslovakia, Ecuador, Austria, Germany, Spain and Yugoslavia.

When you look at the expansion of the professional circuits it is easy to understand why the level of performance has risen dramatically among the lower ranked players. Money, lots of it, has been the motivating force.

Ten years ago the men's circuit consisted of 95 points-linked tournaments in 31 countries with total prize money of $14m. Although the number of tournaments has fallen to 76 in 28 countries, the prize money has risen dramatically. This year the men will play for an estimated $50m on the IBM/ATP tour. With the four grand slams, the Davis Cup, the Grand Slam Cup and the satellites the sum nears $70m.

It has been the same story for the women. In 1980 there were some 70 tonrnaments providing $10m in prize money. This year's Kraft General Foods circuit will offer more than $23m at 65 tournaments in 24 countries.

Small wonder, then, that parents have encouraged their offspring to pick up a tennis racket at an early age. For the talented and industrious the rewards are there. By the close of 1990 there were 86 men and 32 women whose career earnings had exceeded $1m.

In what other occupation could you expect to become a multi-millionaire before the age of 25? The pop music industry could provide some parallels, I suppose, as well as the worlds of film and television. The comparisons are apt because international sport has undoubtedly become part of ehowbiz and the stars are marketed in the same way.

With such opportunities it is quite remarkahle to see how standards in Australia, for so long the second most powerful tennis nation, have failed to keep up with the rest of the world. Since 1975, when Ken Rosewall – 8 – and Rod Laver – 10 – last appeared among the top 10, only two Australians have achieved that prominence. Peter McNamara was ranked No 10 in 1981 and 1982 and Pat Cash earned the No 8 position in 1984 and one place higher in 1987, the year he won Wimbledon.

'In what other occupation could you expect to become a multi-millionaire before the age of 25?'

The highest ranked Australian last year was Richard Fromberg at No 32. It is difficult to explain this decline. Almost as bewildering is the total eclipse of the British men for whom Jeremy Bates, at No 126, was the highest placed.

It is interesting to note what the US has done to try to halt its decline. Three years ago the former Wimbledon and US Open champion, Stan Smith, was appointed to co-ordinate a nationwide scheme designed to give guidance and assistance to talented youngsters. Regional centres were established where former circuit players acted as coaches or practice partners and grants were made to players who would not otherwise be able to travel to tournaments.

The Americans are determined to re-establish themselves as the No 1 tennis nation and they may well succeed. They hate to come second in anything. Hence their ambitious plans to rebuild the facility in Flushing Meadow Park where the US Open is staged. The USTA is acutely aware that the facility, opened in 1978, is already outdated. The Australians have set the pace with their state-of-the-art complex at Flinders park, Melbourne, which has now staged four Australian Opens in superb comfort for players, public and media.

Because the US Open attracts some half-million visitors and generates more than $150m in business for the city of New York, Mayor David Dinkins has ensured that New York would beat off bids from rival cities. The complex, will take two years to build with a planned opening date of August 1994. It will occupy 31 acres next to the present site so that the existing 29 outside courts and nine indoor courts can still be utilised. The present stadium will be demolished and three new ones built away from the flight path of La Guardia.

It is an ambitious scheme and will cost the USTA an estimated $150m. If all the complicated legal agreements between city and governing body can be completed successfully the US will certainly restore its flagging prestige and provide a fitting stage for the Andre Agassis, Jsnnifer Capriatis and their successors to show off their talents.

■ *Trivia answer: Manuela Maleeva-Fragniere, the eldest of three Bulgarian-born sisters, who for the first time has been overtaken in the rankings by her middle sister Katrina.*